

Office of Inspector General



U.S. Department of State
United States Information Agency,
including the Broadcasting Board of Governors



Under construction, new interim office building, Embassy Nairobi, Kenya. See page 1 for reference to review of embassy facilities at Kenya and Tanzania and picture of new compound at Embassy Dar es Salaam.

Semiannual Report to the Congress

April 1 to September 30, 1999

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Executive Summary

During this semiannual reporting period, the Office of Inspector General (OIG) focused attention on embassy security and year two thousand (Y2K) readiness, two key challenges facing the Department of State. In the wake of the terrorist attacks on U.S. embassies in Nairobi and Dar es Salaam last year, OIG has concentrated its security oversight efforts on identifying vulnerabilities at overseas posts, and the Department's management of the \$1.4 billion emergency supplemental appropriation for security enhancements at U.S. facilities overseas. OIG also assisted the Department in its efforts to meet the millennium challenge facing its information technology infrastructure, and continued its comprehensive assessment of the Y2K readiness of host countries where the United States maintains a diplomatic presence.

Following the August 1998 bombings of the U.S. Embassies in Nairobi and Dar es Salaam, Congress appropriated \$1.4 billion in the Omnibus Consolidated and Emergency Supplemental Appropriation for FY 1999 to enhance security at U.S. facilities overseas. During this semiannual reporting period, OIG established an Emergency Supplemental Oversight Committee (ESOC) to develop and implement a comprehensive, interdisciplinary program to evaluate the Department's numerous initiatives to enhance physical security overseas. Under ESOC direction, OIG evaluated security measures at Nairobi and Dar es Salaam interim office buildings. Post management inspections and security oversight inspections were augmented to address progress on Department security initiatives. Within the ESOC framework, OIG also assessed the Department's management controls and systems in place to account for emergency supplemental funds, to recruit and train security personnel, and to procure goods and services with these funds.

OIG's review of security at interim office buildings in Nairobi and Dar es Salaam concluded that the facilities are more secure than the previous buildings at the time of the August 7, 1998, terrorist bombings. OIG noted the commendable efforts of Department officials to sustain and improve physical security in these locations



Chancery entrance, Dar es Salaam interim office building compound.

over the past year. Based on OIG recommendations, the Department issued a worldwide requirement for all missions to establish Imminent Danger Notification alarms and to implement duck-and-cover drills. OIG also identified a number of areas requiring further security improvements. In addition to Nairobi and Dar es Salaam, OIG conducted security inspections at 12 overseas posts. The results of these inspections are discussed in detail in the classified annex to this report.

OIG continued its active engagement with the Department and U.S. embassies overseas to assist them in meeting the Y2K challenge. As of September 30, 1999, OIG had evaluated and provided comments to the Department on its certification of 24 of 59 mission-critical applications. OIG reviewed the adequacy of the certifications before they were provided to the Y2K certification panel and approved by the Department's Chief Information Officer.

OIG has placed special emphasis in reviewing the Y2K readiness of host countries where U.S. missions are located. In July 1999, the Inspector General testified for a second time on global Y2K readiness before the Senate Special Committee on the Year 2000 Technology Problem. Her testimony, based on U.S. embassy assessments from 161 countries, concluded that the global community may experience varying degrees of Y2K-related failures in every sector and region and at every economic level. The Inspector General stressed the importance of contingency planning and testing

of systems in the remaining days of 1999.

OIG also reviewed the Y2K readiness of affiliates used by international broadcasters under the purview of the Broadcasting Board of Governors. In a management letter, OIG recommended that the Broadcasting Board of Governors (BBG) survey its affiliates on Y2K readiness, and then determine any actions that should be taken to ensure broadcast operations are not impeded after December 31, 1999.

Better Alignment of Fiscal and Human Resources with U.S. Foreign Policy Priorities

The Government Performance and Results Act of 1993 (Results Act) requires that agencies set goals for program performance and measure results against those goals to help improve Federal programs and to increase accountability. Congress has requested assistance from Inspectors General with oversight of agency implementation of the Results Act. Our previous Semiannual Report to the Congress outlined our strategy to review and report on the efforts of the Department and the Broadcasting Board of Governors by including a Results Act component in OIG audits and inspections.

OIG's report on the Department's Support for U.S. Business Abroad, issued during this semiannual period, noted that the Department and overseas posts have not developed useful performance measures. OIG helped identify some areas on which performance

goals could be based, including professional qualifications, experience and training of commercial officers and Foreign Service national (FSN) employees, and customer satisfaction.

OIG's inspection of the Foreign Service Institute (FSI) found that FSI had developed measurable objectives for training and done a good job developing performance indicators to track progress. However, OIG recommended that FSI develop and implement a plan to obtain feedback from graduates and their supervisors to allow for a more complete baseline of customer satisfaction data. OIG found FSI was a valuable but underutilized resource in the Department. OIG noted that FSI was doing a commendable job in response to the U.S. Information Agency (USIA) consolidation, but that information management resources should be expanded and some course materials and teacher training should be updated and improved.

In another area, OIG reviewed the Department's tour-of-duty policy and practices. The Department has a current policy of 2- and 3-year tours for virtually all overseas assignments. However, other U.S. Government agencies that station Foreign Service officers overseas have 4-year tours in addition to 2- and 3-year tours. Several studies conducted by the Department and other groups over the past decade recommended increasing the time employees spend in overseas assignments. OIG recommended that

the Department increase the number of 3-year tours and establish 4-year tours. This would enable the officers at a given post to maximize the experience gained in-country in their current position as well as reduce costs associated with shorter tours.

The Senate Committee on Appropriations for the Departments of Commerce, Justice, and State, Judiciary, and Related Agencies submitted report 106-76, which directed the State Department to implement all of the report recommendations no later than January 1, 2000. Additionally, the Committee directed the Department to provide a report that: identifies new 3- and 4-year posts; justifies remaining 1- and 2-year posts; includes revised, finalized Foreign Affairs Manual language tightening the criteria for approval of curtailments; and describes the curtailment/extensions database that will be used to analyze trends and to identify and address causes for avoidable curtailments. The report is due no later than January 15, 2000.

A review of Consulate Lyon, established in February 1999 as an alternative model for post staffing, found that the consulate has greatly enhanced the efforts of Embassy Paris to accomplish its objectives in an important region of France. The post is a model of innovation and demonstrates the high level of collaboration that can occur between Federal agencies to meet U.S. Government policy objectives in an efficient manner.

More Effective, Efficient, and Secure Operations and Infrastructures

OIG oversight included a number of areas in addition to embassy security and Y2K preparedness. OIG's post inspections reviewed executive direction, policy implementation, public diplomacy, consular operations, diplomatic readiness, and administrative operations at post. OIG also completed a number of audits including the export licensing process, law enforcement coordination, consular antifraud programs, and the protection of classified information. Our oversight of international broadcasting included a review of Radio Marti's adherence to the applicable broadcast standards.

OIG completed 13 post inspections, and 2 followup reviews during this semiannual period. At Embassy London, the effectiveness of U.S. efforts for the peace process in Northern Ireland depends on careful coordination between U.S. embassies in London and Dublin. OIG found that more could be done to improve communication and to enhance the role of the Consulate General in Belfast as the principal U.S. presence on the scene. OIG's inspection at Embassy Dublin found that as the peace process evolves, responsibility for day-to-day oversight of U.S. cross-border activities should pass to Embassy Dublin and Consulate General Belfast, with Embassy London continuing to handle coordination with U.K. authorities.

In its inspection of embassy Tel Aviv, OIG found that the embassy contributes to policy development and has a strong role in policy implementation. While overall executive direction of the embassy is good, OIG cited serious problems in post administration. At Consulate General Jerusalem, problems such as unclear lines of authority and policy and resource constraints, have caused overall post management to suffer.

At Embassy Columbo, OIG found a more effective mission since its 1995 inspection; however, information management operations required more active supervision by post management. At Embassy New Dehli, staffing issues had hampered the post's ability to pursue important U.S. interests. In Santa Domingo, OIG found that the embassy had made significant progress in advancing U.S. interests in promoting democracy and law enforcement, but recommended that oversight of the administrative section be improved.

In Kathmandu, OIG found a well led mission despite hardships. With a threat posed by an insurgency, there is a need for increased political reporting. OIG's inspection in Bucharest found that reporting was inadequate to serve Washington end-users. As a result, Washington agencies have developed other sources of information, which has diminished the credibility of embassy reporting. OIG recommended closure of a branch office.

At the request of the Senate Governmental Affairs Committee the Inspectors General of the Departments of Commerce, Defense, Energy, State, Treasury, and the Central Intelligence Agency performed an interagency review of the export licensing process for dual-use commodities and munitions. The OIGs evaluated the export licensing process to determine whether current practices and procedures were consistent with established national security and foreign policy objectives. The interagency review found that the U.S. Government lacked an overall mechanism for assessing the cumulative effect of past exports or technology transfers, and that reenacting the Export Administration Act would provide an opportunity to clarify regulations on items and information that are "deemed to be exports," as well as the exporter appeals process. In June, the Deputy Inspector General testified before the Senate Governmental Affairs Committee on OIG's findings.

In a review of International Law Enforcement Coordination and Oversight, OIG determined that chiefs of mission and deputy chiefs of mission have the authority to coordinate and oversee law enforcement operations but may not always have sufficient information. OIG found that Department training was not adequate and that law enforcement personnel need better preparation for service overseas. OIG recommended that the Department revise training on law enforcement oversight and coordination, disseminate information on Department law enforcement activities to other law

enforcement agencies, and help these agencies improve their training programs for personnel assigned abroad.

OIG's review of the Department's consular antifraud programs found several improvements in program operations from previous years. The Department had introduced a secure border crossing card and a photodigitalized passport, enhanced interagency data sharing, installed modernized consular systems worldwide, improved effectiveness of the namecheck system, and increased efforts to counter document fraud. However, OIG noted that staff at some locations were not sufficiently experienced and trained to identify fraud. The review also found that although antifraud unit staff at some locations were strongly motivated, well regarded, and enthusiastic, their efforts were often frustrated by lack of sufficient resources, training, guidance, and management support.

OIG evaluated the effectiveness of State Department policies and procedures for protecting classified documents at the main State Department facility. Although the Department has programs in place to evaluate individuals' trustworthiness and need to handle classified information, improvements are needed to enhance the level of security awareness and controls to prevent unauthorized disclosures.

OIG also evaluated the effectiveness of the Department's protective services program, focusing on the protection provided to visit-

ing foreign dignitaries and foreign missions in the United States. OIG found the Department has successfully defended dignitaries and missions from attack, and client organizations provide positive feedback on Department performance. However, OIG made recommendations regarding needed improvements in the protective services program.

OIG's review of Radio Marti's adherence to applicable broadcast requirements found deficiencies in both Radio Marti's internal editorial control procedures and external oversight by the Broadcasting Board of Governors and the International Broadcasting Bureau. A panel of independent journalists that evaluated a sample of Radio Marti broadcasts noted numerous deficiencies in the broadcasts and indicated such problems affect the credibility and professionalism of the Radio Marti programs. OIG also found that external oversight was lax. OIG made recommendations designed to correct internal deficiencies, facilitate future evaluations, and improve external oversight.

Greater Adherence to Fundamental Principles Governing Professional and Ethical Conduct

OIG's mandate is to prevent and detect waste, fraud, and mismanagement. Specific allegations or other information indicating possible violations of law or regulation are investigated by OIG special agents supported by other OIG offices as appropriate. During this

semiannual period, OIG conducted investigations in several areas, including employee and contractor misconduct, embezzlement, and visa fraud.

OIG continued efforts to train and inform Department employees and bring greater transparency to the investigative process concerning applicable laws and ethical guidelines. The Inspector General, Deputy Inspector General for Inspections and Security and Intelligence Oversight, and Assistant Inspector General for Investigations routinely address training seminars for ambassador-designates. OIG Assistant Inspectors General participate in training courses for all new Department employees.

In light of OIG's responsibility to detect and prevent fraud, OIG issues Management Implication Reports when a systemic weakness is identified in a bureau-specific program or operation. In response to an OIG investigation concerning allegations of conflict of interest, OIG found that the Department had defined a Special Government Employee's duties so broadly that it was difficult for the individual to avoid the appearance of a conflict of interest. In August 1999, OIG issued a Management Implication Report to the Secretary of State recommending that the Department more specifically define the duties of Special Government Employees.

Congressional Activities and OIG Outreach

Testimony

The Inspector General and Deputy Inspector General testified before several congressional committees and the Council of the District of Columbia on State Department and OIG operations.

- On May 5, the Inspector General testified before the House Judiciary Committee, Subcommittee on Immigration and Claims on nonimmigrant visa fraud. The Inspector General noted that significant enhancements have been made in visa and passport processing, but that challenges remain. The testimony outlined problems such as staffing shortages and inexperience and insufficient consular training.

- On May 19, the Inspector General testified before the Council of the District of Columbia, Committee on Government Operations, on the operations and activities of an Office of Inspector General. The testimony outlined several areas critical to OIG operations, including performance measurements, national standards for Inspectors General, and best practices in productivity and performance. The Inspector General also discussed hiring and personnel operations as they relate to the independence of an Office of Inspector General.

- On June 23, the Deputy Inspector General testified before the Senate Committee on Governmental Affairs on the Department of State's export licensing process. OIG conducted a review of export licensing at the request of Committee Chairman Fred Thompson. The Deputy Inspector General testified that, overall, the export licensing process was working as intended and the Department of State executed its export licensing responsibilities properly. However, the Deputy Inspector General stated that improvements in end-use monitoring and training were needed. He also stated that a lack of resources negatively affected the ability of the Department to meet its export licensing mission.

- On July 22, the Inspector General testified before the Senate Special Committee on the Year 2000 technology problem. The Inspector General updated her March 5, 1999, testimony before the Committee on global Y2K readiness. She highlighted the varying levels of progress made by different countries in Y2K remediation and testing, and discussed the risk of Y2K failures in key sectors throughout the world. She concluded that the global community may experience varying degrees of Y2K-related failures in every sector and region and at every economic level. She also reported that

the risk of disruption would likely extend to international trade, which is threatened by potential Y2K failures in key sectors, such as telecommunications, transportation, and energy. The Inspector General stressed that in the remaining days of the countdown to December 31, 1999, contingency planning and retesting systems will be vitally important.

- On July 29, the Inspector General testified before the Committee on Government Reform on the Department of State's handling of allegations of visa fraud at the U.S. Embassy in Beijing. The Inspector General's testimony highlighted OIG's oversight of the Department of State's consular antifraud efforts, and provided information on OIG visa fraud investigations.

Briefings

OIG representatives met with Members of Congress and congressional staff to share the results of OIG reviews and discuss OIG's operations. Briefings included topics such as Department of State and international Y2K efforts, counternarcotics programs, embassy inspections, international broadcasting, intelligence issues, embassy security, OIG strategic planning, and the status of congressional tasks assigned to OIG.

Comments on Proposed Legislation

OIG provided comments and proposed changes on legislation, including:

- HR 2415, American Embassy Security Act of 1999
- HR 2670, Departments of Commerce, Justice, State, the Judiciary and Related Agencies Appropriations Act, 2000
- HR 1827, The Government Waste Corrections Act of 1999
- HR 1211, The Foreign Relations Authorization Act for FY 2000

OIG Outreach

In June, the Inspector General participated in the Annual Professional Development Conference and Exposition for the Association of Government Accountants held in New Orleans, Louisiana. The Inspector General's presentation, "Auditing Performance for Results," discussed establishing strategic goals, measuring organizational progress to achieve goals, reporting results, and improving accountability for compliance with the Results Act. Other topics discussed at the conference included major challenges to implementation of the Results Act and approaches taken by the Inspector General community in executing the role of consultant to senior agency officials.

In July, the Inspector General and her staff participated in a digital video conference with the new

Ministry Auditor for the Ministry of Foreign Affairs for the Republic of Chile and his staff concerning the conduct of audits and inspections. The conference was in furtherance of the Memorandum of Understanding signed by Secretary of State Madeleine Albright and Chilean Foreign Minister Insulza in 1998 for a cooperative exchange of information to strengthen internal controls and enhance accountability in government.

OIG also met with numerous visiting delegations to discuss their countries' legislative and regulatory efforts to establish OIG-like functions.

The Y2K Problem: Global Readiness

OIG has been actively engaged with the Department of State and our embassies overseas to assist them in meeting the Y2K challenge. A particular OIG focus has been Y2K readiness of host countries where the United States maintains a diplomatic presence. On July 22, 1999, OIG testified a second time on the issue of global Y2K readiness before the Senate Special Committee on the Year 2000 Technology Problem. The testimony was based on information from our embassies' assessments of the Y2K readiness in 161 countries, 25 of which we visited over an 11-month period. OIG discussed a number of key themes:

- Approximately half of the 161 countries assessed are reported to be at medium to high risk of having Y2K-related failures in their

telecommunications, energy, and/or transportation sectors. The situation is noticeably better in the finance and water/wastewater sectors, where around two-thirds of the world's countries are reported to have a low probability of experiencing Y2K-related failures;

- Industrialized countries are generally at low risk of having Y2K-related infrastructure failures, particularly in the finance sector. Still, nearly a third of these countries (11 out of 39) were reported to be at medium risk of failure in the transportation sector, and almost one-fourth (9 out of 39) were reported to be at a medium or high risk of failure in the telecommunications, energy or water sectors;

- Between 52 and 68 developing countries out of 98 are assessed as having a medium or high risk of Y2K-related failure in the telecommunications, transportation, and/or energy sectors. Still, the relatively low level of computerization in key sectors of the developing world may reduce the risk

of prolonged infrastructure failures; and

- Finally, and similar to the developing world, key sectors in the Newly Independent States and other former Eastern bloc nations are a concern because of the relatively high probability of Y2K-related failures.

These assessments suggest that the global community is likely to experience varying degrees of Y2K-related failures in every sector, in every region, and at every economic level. As such, the risk of disruption will likely extend to the international trade arena, where a breakdown in any part of the global supply chain would have a serious impact on the U.S. and world economies. OIG concluded that the challenge now facing the United States is to encourage and facilitate contingency planning by individual countries, their regional partners, and international organizations such as the United Nations.

U.S. Department of State

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Office of Audits

Y2K Certification Process

OIG is continuing to play a significant role in assisting the Department to meet the millennium challenge facing its information technology infrastructure, including computer software, hardware, and embedded devices. OIG has assisted in establishing a process through which the Department can certify the Y2K compliance of its mission-critical systems, by writing detailed guidelines that each bureau must use in developing application certification packages for submission to the Y2K Program Management Office. The certification process provides the Department's senior management with assurance that every feasible effort has been made to prevent Y2K-related failures on January 1, 2000. Through an agreement with the Under Secretary of State for Management, OIG is reviewing the adequacy of all certification packages for mission-critical systems before they are provided to the Y2K certification panel and approved by the Department's Chief Information Officer. As of September 30, 1999, OIG has evaluated and provided comments to the Department on 24 of 59 mission-critical application certification packages, and 14 of those have been officially certified.

Results Act Review

The Results Act requires that agencies set goals for program performance and measure results against those goals to help improve efficiency and effectiveness and to increase the accountability of Federal programs. Congress has requested that Inspectors General assist with oversight of agency implementation of the Results Act.

In the previous semiannual report, OIG presented a strategy to review and report on the efforts of the Department of State and the Broadcasting Board of Governors regarding performance goals and measures. OIG has included a Results Act component in its audits and inspections. OIG's Results Act reviews are focusing on three major areas: examining efforts to develop and use performance measures; determining if performance measures are consistent with goals; and reviewing plans to validate and verify performance measures, including selectively testing performance data.

The Department's Strategic and Performance Plans list 7 national interests, 16 strategic goals, and 3 support (diplomatic readiness) goals to capture its performance. As noted in OIG testimonies before various congressional committees in early 1999, the Department's FY 1999-2000 Performance Plan represents an improvement over the previous version. However, a recent General Accounting Office (GAO) report on the Department's Performance Plan noted that the Plan "Does not provide a complete performance picture for all strategic goals."* The Department is currently working with Office of Management and Budget (OMB) to develop a plan that provides more complete performance information. In addition, the Department notified GAO in July 1999 that it does not formally prioritize its national interests or strategic goals, since U.S. interests and progress in any one part of the world at any one time may reflect a different order from other parts of the world.

The Department has developed overall agency performance goals and measures under its three diplomatic readiness goals. Specifically, it has established 37 measures, or indicators, under these goals. OIG will be selectively validating and verifying performance data under these goals in subsequent reporting periods. Some of our completed and ongoing audits and inspections have addressed the need for better performance information in the Department in selected areas.

* *Observations on the Department of State's Fiscal Year 2000 Performance Plan*, GAO/NSIAD-99-183R, July 20, 1999.

The OIG report on the Department's Support for U.S. Business Abroad (99-CI-021) noted that the Department and its posts have not developed useful performance measures. Although some posts established specific performance goals in Mission Performance Plans (MPPs), others simply list performance indicators without stating specific goals. OIG identified some areas on which performance goals could be based including resource statistics, output statistics, professional qualifications, experience and training of commercial officers and FSN employees, accomplishments, and customer satisfaction.

OIG's inspection (ISP/I-99-16) of the Department's training organization reported that FSI has developed measurable objectives and done a fine job in noting assumptions and in developing performance indicators to track progress against its goals. However, OIG recommended that FSI develop and implement a plan to obtain feedback from graduates and their supervisors for a more complete baseline of customer satisfaction data.

OIG's ongoing review of the Department's efforts to reduce trade barriers in the telecommunications industry has found that its

strategic and performance plans do not provide the Secretary of State or Congress with an effective management tool to assess the Department's progress in this area. Specifically, for the open foreign markets strategic goal, we have found that responsibilities for interagency goals are not clearly delineated; strategic, annual performance, bureau performance, and MPPs do not align; and performance measures do not accurately capture the Department's contributions to reducing foreign trade barriers.

OIG's ongoing audit of the selection of service providers under the International Cooperative Administrative Support Services (ICASS) system has found that, at most posts visited, the content of the service standards was often vague and therefore not measurable. This points to the need for more measurable service standards and the need for the Department to evaluate the performance of ICASS service providers against those standards. At the bureau level, the Bureau of Financial Management and Policy's Performance Plan did specify performance goals related to ICASS, but performance indicators could be made more quantifiable.

Interagency Review of Export Licensing Process

The Inspectors General of the Departments of Commerce, Defense, Energy, State, Treasury, and the Central Intelligence Agency performed an interagency review of the export licensing process for dual-use commodities and munitions. The review was undertaken as a joint project requested by Senator Fred Thompson, Chairman, Senate Governmental Affairs Committee. The overall objective of the interagency review was to evaluate the export licensing process for dual-use commodities and munitions and to determine whether current practices and procedures were consistent with established national security and foreign policy objectives.

The Inspectors General found that the U.S. Government lacked an overall mechanism for assessing the cumulative effect of past exports or technology transfers and that additional cumulative effect analyses would benefit the license application review process. The review also found that reenacting the Export Administration Act could enhance the dual-use licensing process because it would provide an opportunity to clarify the regulations regarding items and information that are "deemed to be exports" as well as the exporter appeals process. The Inspectors General also identified areas for improvement with respect to the completeness and accuracy of data in their respective agencies' export licensing information systems and noted a need to enhance end-use monitoring. Finally, the Inspectors

General concluded that the establishment of a more formalized training program would benefit the export licensing review process.

Review of Tours of Duty (99-SP-013)

OIG reviewed the Department of State's tour-of-duty policy and practices, including tour curtailments/extensions. The Department's current policy of 2- and 3-year tours for virtually all of its overseas assignments reflects many factors balancing the needs of the Department with individual employee goals and needs. However, other U.S. Government agencies that station Foreign Service officers overseas have 4-year tours in addition to 2- and 3-year tours. Several studies conducted by the Department and other groups over the past decade recommended increasing the time employees spend in overseas assignments. OIG recommended that the Bureau of Personnel (PER) reexamine overseas tour lengths to increase the number of 3-year tours and establish 4-year tours.

A curtailment/extension occurs when an employee shortens/lengthens his or her tour of duty from an assigned bureau or post. The Foreign Affairs Manual states that employees may request a tour curtailment for any reason. There are two reasons why the Department should limit curtailments: curtailments are costly, and many occur for reasons that appear to be avoidable and within the Department's control. For example, employees responding to a worldwide

questionnaire identified the most common reasons for curtailments. These included strained relationships with post supervisors or management and unchallenging, unrewarding, or unsatisfying work. Department officials have different views about the magnitude of avoidable curtailments due, in part, to a lack of statistics on curtailments or specific details on the reasons for curtailments. OIG recommended that PER revise the Foreign Affairs Manual to tighten the criteria for approval of curtailments. Additionally, OIG recommended that PER maintain data on the number of and reasons for curtailments/extensions. This information would enable the Department to analyze trends and to identify and address the causes for many curtailments.

Foreign Service Retirement and Disability Fund Financial Statements for FY 1998 (99-FM-014)

OIG audited the Foreign Service Retirement and Disability Fund's (FSRDF) Financial Statements for FY 1998. FSRDF is a trust fund that provides pensions to retired and disabled members of the Foreign Service. For FY 1998, FSRDF reported assets of \$9.7 billion and an actuarial unfunded liability of \$238 million. The objectives of the audit were to obtain reasonable assurance and express an opinion on whether the financial statements were free of material misstatement, to determine whether FSRDF has an internal control structure that provides reasonable assurance of

achieving internal control objectives, and to determine whether FSRDF complied with applicable laws and regulations.

OIG issued an unqualified opinion on the FSRDF financial statements for FY 1998. The audit did not identify any control weaknesses or instances of noncompliance with laws and regulations that were considered necessary for disclosure. Two instances of noncompliance that were cited in last year's audit, related to debt collection, had not been corrected but did not rise to the level of a material noncompliance in FY 1998.

Review of Export Licensing (99-CI-018)

In August 1998, Congress requested that the Inspectors General of the Departments of Commerce, Defense, Energy, State, Treasury and the Central Intelligence Agency review the export licensing process for dual-use and munitions commodities. The request asked the Inspectors General to answer 14 specific questions related to the export licensing process. The 14 questions centered on 4 specific areas of export licensing at the Department:

- reviewing the legislative authorities to determine if any inconsistencies or ambiguities existed,
- reviewing the licensing process to determine whether it was consistent with national security and foreign policy objectives,
- evaluating the adequacy of the databases and audit trails in the export licensing process, and

- assessing the effectiveness of end-use monitoring.

Overall, OIG found the export licensing process is working as intended and that the Department consistently executed its export licensing responsibilities in accordance with established policies and procedures. There were no significant inconsistencies in the legislative authorities that guide the export licensing process. While minor improvements could be made to the munitions database, the audit trails for both the munitions and dual-use licensing process were adequate. However, the munitions licensing process would benefit from: enhancing the end use monitoring process (Blue Lantern program), conducting random periodic supervisory reviews of routine licenses, and providing additional training opportunities to licensing officers.

OIG recommended that the Office of Defense Trade Controls more closely monitor its Blue Lantern checks to ensure they are completed in a timely manner, put greater emphasis on the selection criteria used to initiate Blue Lantern checks, and provide posts with the necessary expertise for conducting on-site inspections of a technical nature. OIG also recommended that the Office of Defense Trade Controls develop a comprehensive in-house training program for new licensing officers and conduct periodic spot checks of munitions license applications that are not subject to the more formal supervisory review process. Finally, the OIG recommended that the bureau of Financial Management and Policy comply with the language in the conference report accompa-

nying the Department's FY 1999 appropriations bill and provide the Office of Defense Trade Controls \$2 million above 1998 funding levels.

Department of State Support for U.S. Business Abroad (99-CI-021)

The Department of State, by statute and numerous policy statements over the last decade, has a strong commitment to support U.S. business abroad. This review was conducted to evaluate whether the Department was meeting its stated goals and objectives to promote and support U.S. business abroad.

The review found business executives' opinion of post commercial programs and support services for U.S. business abroad to be positive, largely because of the activist role played by ambassadors and deputy chiefs of mission. However, OIG also found opportunities for improvement. The Office of the Coordinator for Business Affairs

(EB/CBA), bureaus, and post efforts to support U.S. business abroad need better coordination; the level of programs and support services available varied from post to post due to minimal evaluations and oversight by EB/CBA and bureau coordinators; communication systems with the Department of Commerce need improvement; and better performance measures are needed for non-Foreign Commercial Service posts.

OIG recommended that EB/CBA actively provide oversight and direction to bureau commercial coordinators on how to manage the commercial activities carried out by the posts. As part of this effort, EB/CBA should regularly coordinate with the bureau commercial coordinators on policy and program matters related to export promotion.

OIG also recommended that regional bureau commercial coordinators, in coordination with EB/CBA:

- assist posts in developing performance measures that take into account available data on resources

Identification of Excess, Underutilized, or Obsolete Real Properties

At the request of the Under Secretary for Management, starting in March 1998, OIG has continued to identify excess, underutilized, or obsolete real properties in inspections and audits at overseas posts. During this reporting period, OIG provided 17 post final reviews to the Office of Foreign Buildings Operations (A/FBO), which list 55 overseas properties that OIG categorized as excess, underutilized, or obsolete at the time of the inspection or audit. OIG also identified 25 properties for future disposal or future development, which A/FBO has plans to dispose of or develop as conditions permit. These reviews will be used by A/FBO in an effort to manage its real property assets.

and outputs, measures of outcomes, and customer satisfaction; and

- conduct periodic evaluations of commercial services and programs at non-Foreign Commercial Service posts to assess the type, delivery, value, and outcome of services rendered to U.S. firms seeking business abroad.

Fiscal Year 1999 Indirect Cost Rate, American Institute in Taiwan (99-CG-022)

OIG reviewed the American Institute in Taiwan's (AIT) proposed FY 1999 indirect cost proposal to determine whether AIT's proposed FY 1999 indirect cost rate was accurate, whether the indirect cost rate complied with OMB Circular A-122. OIG questioned \$443,488 in proposed indirect costs, resulting in a lower rate. OIG recommended that the contracting officer establish a provisional rate of 28.32 percent for pricing contract application budgets and interim reimbursement of indirect expenses.

International Law Enforcement Coordination and Oversight (99-CI-027)

Law enforcement is identified in the administration's international affairs strategy as one of seven major national interests. Chiefs of mission and deputy chiefs of mission (DCMs) have the responsibility to coordinate U.S. law enforcement operations as an integral component of U.S. foreign policy. In November 1996, a Memorandum of Understanding (MOU) was signed by the Departments of State, Justice, and Treasury outlining the authorities and responsibilities of each agency in this area. OIG undertook this audit to identify problems relating to law enforcement coordination and oversight.

During the review OIG found that chiefs of mission and DCMs have the authority to coordinate and oversee law enforcement operations but may not always have sufficient information. The chief of mission seminar at FSI does not adequately alert the participants to issues of practical importance. We also found that law enforcement personnel need better preparation for service overseas.

There is no standardized minimal level of training for law enforcement personnel working at a diplomatic mission. As a result, they are not always aware of all the possible adverse diplomatic ramifications of law enforcement activities abroad. Regarding the MOU, OIG found there was widespread knowledge of its existence but not all chiefs of mission, DCMs, and law enforcement agency heads had read it or had copies available for reference.

OIG's major recommendations are that:

- FSI should revise chief of mission and DCM training on law enforcement oversight and coordination to place specific emphasis on their rights and responsibilities under the 1996 MOU and on procedures for obtaining Departmental guidance on law enforcement issues.
- FSI should survey current law enforcement training and orientation activities of other components of the Department, prepare an information packet concerning these activities for dissemination to law enforcement agencies of the Departments of Justice and Treasury, and offer to help these agencies improve their training programs for personnel assigned abroad.
- The Office of the Legal Adviser, in conjunction with the Bureau of International Narcotics and Law Enforcement Affairs and the Bureau of Intelligence and Research, should reissue the November 1996 MOU on an annual basis, with revised implementing instructions, if deemed necessary and appropriate.

Reimbursement for Liability Insurance Not Incurred by Contractor

OIG assisted the Department in calculating amounts paid to an asbestos abatement contractor for liability insurance costs that were not incurred. OIG previously reported this issue (99-PP-009) and recommended that the Department recover the money from the contractor. Subsequently, OIG obtained additional information from the Department that led to an increase in the estimated liability from \$53,248 to \$98,632. The Department agreed with the revised figure and will withhold \$98,632 from the Department's final payment to the contractor.

Consular Fraud Prevention Programs (99-CI-028)

OIG reviewed the Department of State's antifraud programs developed and managed by the Bureau of Consular Affairs, Office of Fraud Prevention Programs (CA/FPP), and antifraud units at overseas posts and passport agencies in the United States. Specific audit objectives were: to determine whether the Department is providing overseas posts and domestic passport agencies with adequate staffing resources and guidance; to determine whether consular and domestic passport agency personnel are adequately trained; to evaluate the adequacy and use of data; to determine whether coordination of antifraud efforts among the various sections at post, passport agencies, the Department, and other relevant U.S. Government agencies is adequate; and to determine whether internal controls at posts and passport agencies are adequate.

The Bureau of Consular Affairs (CA) has recognized the importance of consular antifraud operations. One of CA's strategic goals and several operational goals for FY 1999 address antifraud issues. The bureau has introduced a secure border crossing card and a photodigitalized passport, enhanced data sharing via the Interagency Border Inspection System, installed modernized consular systems worldwide, improved effectiveness of the namecheck system, and increased efforts to counter document fraud. In addition, CA/FPP has shifted focus from a case-work approach to an analytical approach, developed an objective databased model for identifying

high-fraud posts, and developed and disseminated an antifraud newsletter describing fraud trends and patterns. The bureau still needs to address the effect of staffing difficulties, inadequate training, and insufficient guidance on identifying and deterring consular fraud.

OIG found that at some locations: line staff at domestic and overseas locations were not sufficiently experienced and trained to identify fraud; the number and experience level of staff in the consular section and the antifraud unit are inconsistent with the level of fraud at the post; although antifraud unit staff are strongly motivated, well regarded, and enthusiastic, their efforts are often frustrated by lack of sufficient resources, training, guidance, and management support; and coordination of antifraud efforts among sections at posts was good.

OIG recommended that consular officers be required to have antifraud training at post before going to work on the consular line and that CA/FPP:

- actively seek staff with visa experience to meet its needs;
- have input into the assignment process to ensure that full-time antifraud officers serve at high-fraud posts;
- develop and disseminate written guidance on establishing and managing an antifraud unit including guidance on supervision, case tracking, investigative case files and reports, and workload priorities; and
- identify regions most in need of antifraud training and develop training to meet those needs.

Accounting for Increased Visa Fees of the American Institute in Taiwan (99-CG-029)

As a followup to OIG's March 1998 Special Status Report on the Financial and Administrative Operations of the American Institute in Taiwan, OIG conducted a limited quality assurance review of workpapers prepared by AIT's independent accounting firm in connection with its OMB Circular A-133 audits of the AIT for FYs 1992-95. The objective was to determine whether the firm performed sufficient work to ensure that increased visa revenue had been properly accounted for. In an audit report issued in 1996, the firm stated that \$5.3 million in increased visa fees was accounted for. The final Circular A-133 audit report covering FYs 1994-95 was issued in December 1998 and did not include the followup work completed to account for the \$5.3 million. OIG's review of supporting workpapers, explanations, and calculations showed that the independent accounting firm had a reasonable basis for its conclusion that the \$5.3 million in visa fees have been accounted for.

Department of State's 1997 and 1998 Principal Financial Statements (99-FM-031)

The Government Management Reform Act (GMRA) requires the OIG to audit the Department's Principal Financial Statements in order to obtain reasonable assurance and express an opinion on whether the financial statements

were free of material misstatements, to determine whether the Department had an internal control structure that provides reasonable assurance of achieving internal control objectives, and to determine whether the Department complied with applicable laws and regulations.

OIG is issuing an unqualified opinion on the Department's 1998 Principal Financial Statements, which means the financial statements were free of material misstatements. Although an unqualified opinion is being issued for the 1998 Principal Financial Statements, the report brings to management's attention concerns with security over the domestic main frame computers and the Paris Accounting and Disbursing System; the inadequacy of internal controls over the management of unliquidated obligations; and the inadequacy of the Department's financial and accounting system. Weakness in the Department's financial accounting system is both an internal control weakness and an issue of noncompliance with several laws and regulations, including the Budget and Accounting Act of 1950, the Federal Managers' Financial Integrity Act, the Chief Financial Officers Act, and the Federal Financial Management Improvement Act. We also bring to management's attention noncompliance with the GMRA, which requires agencies to prepare audited financial statements and submit them to the Office of Management and Budget by March 1 of each year.

International Cooperative Administrative Support Services Program's 1997 and 1998 Financial Statements (99-FM-032)

OIG audited the International Cooperative Administrative Support Services (ICASS) Program's 1997 and 1998 Financial Statements in order to obtain reasonable assurance and express an opinion on whether the financial statements were free of material misstatement, to determine whether ICASS had an internal control structure that provided reasonable assurance of achieving internal control objectives, and whether ICASS complied with applicable laws and regulations.

OIG is issuing an unqualified opinion on the ICASS 1997 and 1998 Financial Statements, which means the financial statements were free of material misstatements. Although an unqualified opinion is being issued for the 1997 and 1998 financial statements, the report brings to management's attention concerns with security over the domestic main frame computers and the Paris Accounting and Disbursing System. The report cites the inadequacy of the Department's financial and accounting system, which is both an internal control weakness and an issue of noncompliance with several laws and regulations, including the Budget and Accounting Act of 1950, the Federal Managers' Financial Integrity Act, and the Chief Financial Officers Act.

Office of Inspections

Inspection of Embassy Jakarta, Indonesia, and USIS Indonesia (ISP/I-99-15)

OIG's inspection of Embassy Jakarta found that significant U.S. interests are at stake in Indonesia, including possible effects from events there on regional stability in South East Asia. At the time of the inspection, Indonesia's economy was in a shambles, its political system in kaleidoscopic change, and its civil society on the edge of breakdown. In that challenging environment, the executive policy and program leadership were superb. Interagency coordination and integration were excellent; however, coordination within the Embassy needed to be strengthened.

While many mission officials travel regularly, important developments in Indonesia's outer islands question the need for greater U.S. presence in those areas. The closure of the post in Medan on Sumatra several years ago, for budgetary reasons, eliminated the only U.S. diplomatic residential presence off the central island of Java. While there has been agreement in principle to reopen a post in Medan, disagreements over resource questions remain. The level of resources required is not significant and should not delay further the opening of a one-person American presence post in Medan.

State Department and USIA funds were not well managed be-

tween FY 1993-97. Overobligations were common, and required obligation reviews were not performed appropriately. As a result, the post did not use more than \$1.8 million allocated to it in FY 1996-97. Post officials are aware of the importance of Y2K readiness, but planning for internal readiness has not been adequate. Additional information regarding the Embassy's security posture is available in the classified annex to the semiannual report.

Foreign Service Institute (ISP/I-99-16)

Because the State Department has not given sufficient attention to training and career development, FSI remains a valuable but underutilized, resource. Unless training is made mandatory for each member of each level of the work force, short-term crises will overwhelm the Department's efforts to improve the skills of its workforce to meet the revolutionary changes taking place in and around it. Tying training firmly to promotion, tenure, and assignment would improve the situation dramatically.

For its part, FSI is doing an impressive job of meeting the training and development needs of the Foreign Service community. The development of a Leadership and

Management Continuum is an encouraging step in the recognition of the need for career-long leadership and management training. A system of requirements and rewards is necessary, however, to give the continuum real meaning. Institutional linkages to other agencies in the foreign affairs community should be tightened and regularized. FSI should also strengthen its relations with non-government academic and policy groups.

FSI's response to USIA consolidation was commendable. Public diplomacy modules have been incorporated in many of the current FSI courses, and FSI management met periodically with USIA training staff to smooth the transition.

Advances in technology call for the creation by FSI of an office of information resource management responsible for strategic planning, operations, and the implementation of new distance-learning methodologies to expand training opportunities. FSI should consider moving its training for information management staff, currently conducted at Warrenton, Virginia, to the National Foreign Affairs Training Center campus.

The School of Language Studies needs to update its course materials, provide better teacher training, conduct more regularized formal evaluations from students, and address the persistent perceptions that language testing is not objective. With the recent addition of crisis management teams and public diplomacy training, the

School of Professional and Area Studies is becoming overdiversified, and the increased span of control for its dean is probably too broad; partly as a result, area studies are neglected and need attention. Creation of a second associate dean position would alleviate this problem.

FSI has not performed periodic market surveys to determine the cost effectiveness of hiring outside contractors for training. While much of the training that takes place at FSI is context sensitive and cannot be easily contracted out, some courses such as the Career Transition Center programs, may lend themselves to contractor training.

Embassy Tel Aviv, Israel, and USIS Israel (ISP/I-99-18)

Embassy Tel Aviv manages one of the most important U.S. bilateral relationships. The Embassy contributes to policy development and has a strong role in policy implementation. Overall executive direction of policy and management of policy operations is good, but there have been serious problems in post administration. For the most part, interagency coordination is excellent. The MPP articulates a policy framework but is not used for planning or for relating resources to policy.

The Embassy's internal systems are considered Y2K compliant, but the post has only just begun to plan for responding to disruptions in Israel that could affect American citizens. Planning

for a secure, modern office building should take place now to consolidate operations. Preparations for consolidation of the U.S. Information Service (USIS) and State Department elements in Tel Aviv are incomplete and require immediate attention. Additional information regarding the Embassy's security posture is available in the classified annex to the semiannual report.

Consulate General Jerusalem and USIS Jerusalem (ISP/I-99-19)

Jerusalem is responsible for policy dialogue with the Palestinians, a delicate relationship at the center of the Middle East peace process. The consul general's main responsibility is policy implementation, which he does well. Consulate General Jerusalem has several unique problems including unclear lines of authority and dependence on Embassy Tel Aviv for administrative support and for dealing with the Israeli Government. Such problems, added to policy and resource constraints, have caused overall post management to suffer. The MPP articulates the post's policy framework, but this document is not used for planning or for allocating resources to policy priorities.

Some Tel Aviv staff dealing with the Palestinians (including those in Gaza) should be shifted to Jerusalem to simplify and better coordinate activities. A long-vacant consular officer position should be filled immediately, and

five new positions added. Internal systems appear to be Y2K compliant. Planning to deal with disruptions in the external environment, including those that will affect protection of American citizens, has only just begun.

Additional information regarding the Embassy's security posture is available in the classified annex to the semiannual report.

Embassy Kathmandu, Nepal (ISP/I-99-21)

Embassy Kathmandu is well led and, despite real hardships, has good morale. Security is a key concern. Old and inadequate equipment and furnishings also need to be replaced. There is a need for analytical reporting on the prospects for Nepal's 9-year-old experiment in democracy and the threat posed by a Maoist insurgency. With 34,000 Americans now visiting Nepal each year, the post and the Department also need to ensure that consular travel advisories adequately reflect changing security conditions.

Inspection of Embassy Colombo, Sri Lanka, and USIS Sri Lanka (ISP/I-99-22)

As recommended in the 1995 inspection, U.S. operations have been downsized. Public diplomacy and economic assistance programs have been scaled back. In this leaner, more effective mission, policy execution and program oversight are strong. Reporting is excellent, particularly on the central, and related, issues of the insurgency and human rights. Commercial opportunities are limited by frequent trade disputes, but a number of these have been resolved by vigorous intervention by the Embassy. Requirements under the Leahy Amendment to ensure that candidates for U.S. military training have not been involved in human rights abuse are being met exceptionally well. Construction of a major new shortwave transmitter site for the International Broadcasting Board, capable of broadcasting to much of Asia, Africa, and the Middle East, continues despite problems that have delayed construction. Information management is unsatisfactory and requires more active supervision by post management.

Embassy New Delhi, India, and Constituent Posts, and USIS India (ISP/I-99-23)

The Embassy enjoys strong executive leadership, but important State Department positions have not been staffed by officers with the appropriate rank and experience. Abolition of the science counselor position in 1996 has diminished the post's ability to pursue important U.S. scientific and technical interests. The position should be reestablished.

The Embassy worked hard to implement a 1994 inspection recommendation to increase its understanding of militant Hindu nationalism. Despite these efforts, it was taken by surprise by India's decision to explode a nuclear device in May 1998. Successful Indian dissembling, not inattention by the post, resulted in the failure to

predict this event. Subsequent economic sanctions implemented under U.S. nonproliferation law are unlikely to force India to shelve its nuclear weapons plans. However, in conjunction with senior-level negotiations, they may contribute to restraint within the region and to global nonproliferation goals. Careful targeting of sanction applications has reduced potential damage to collateral American interests in the economic, scientific, and environmental areas.

Despite recent tensions in bilateral relations, Indian authorities provide good protection to the Embassy and to three consulates general. A sharp increase in consular workloads, partly due to a sudden increase in immigration to the United States of Indian computer programmers, will require some additional staffing and significant increases in productivity.

Embassy Santo Domingo, Dominican Republic, and USIS Dominican Republic (ISP/I-99-24)

Under executive leadership, Embassy Santo Domingo has made considerable progress in advancing U.S. interests in promoting democracy and law enforcement. Embassy officers have excellent relations with the host government and other important leaders. USIS has played a central role in helping develop and implement strategies and public affairs plans in mission campaigns aimed at securing Dominican cooperation on difficult law enforcement issues. Executive office oversight of the administrative section has been inadequate, due in part to the lack of a full-time DCM. The ICASS council at Santo Domingo is inactive. Administrative support services do not meet Department standards and need to be improved in the general services, personnel, and financial management areas. Mission preparations for Y2K issues are progressing well, and the post has solid contingency plans. Security is well managed and fully supported by embassy management. The seismic and security weaknesses of the consulate building and the critical need for consular file space demand attention. Considering its enormous workload and the high fraud environment, the consular section is doing a good job.

Additional information regarding the Embassy's security posture is available in the classified annex to the semiannual report.

Consulate Lyon, France (ISP/I-99-25)

Consulate Lyon was established in February 1999 under the terms of an agreement between the Department and the House Appropriations Committee to establish a small, limited function post in a strategic region. The OIG review of Consulate Lyon was conducted in response to a request from the Under Secretary for Management that OIG examine whether the post is meeting concrete U.S. Government needs in a new and efficient manner.

OIG found that Consulate Lyon does meet concrete U.S. Government needs in an important region of France in a new and efficient manner. The consulate has enhanced the ability of Embassy Paris to accomplish its objectives. This has been accomplished at modest additional cost because the post has only one American officer and four FSN employees, all of whom have been transferred from existing functions in Paris, and because most administrative and consular functions are still handled by Embassy Paris.

This concept of a small, limited-purpose post is an innovation worthy of further study and selective replication, with the collaboration of State and Commerce Departments and perhaps other foreign affairs agencies.

Management Controls for Small Embassies (ISP/I-99-26)

The lack of qualified bidders, the absence of directed assignments, the dearth of adequate backup, and long staffing gaps in administrative and consular positions leave small posts vulnerable to management control weaknesses. Temporary-duty personnel are frequently used to fill staffing gaps but often lack the background and training to oversee management controls. Regional support for small posts is frequently weak or nonexistent and does not adequately compensate for the lack of experienced personnel in key positions. As a result, management control reviews do not identify all areas of weakness, and management control certifications made by ambassadors at these posts are often unreliable.

The Department of State should minimize staffing gaps in small posts, address training needs more thoroughly, and ensure that appropriate regional support is funded and provided. The Department must make a concerted effort to implement previous OIG recommendations affecting these functions and consider additional initiatives to address these concerns.

Embassy London, United Kingdom, and Constituent Posts, and USIS United Kingdom (ISP/I-99-27)

The association between the United States and the United Kingdom continues to be vital to U.S. interests. U.S. support for the peace process in Northern Ireland underscores the intimacy of this unique relationship. The effectiveness of U.S. efforts depends on careful coordination between U.S. embassies in London and Dublin. Consulate General Belfast should be at the center of these efforts. The cross-border nature of many of the programs and activities supporting the peace process places a premium role on the consulate general. More can be done to improve communication and to enhance the role of Consulate General Belfast as the principal U.S. presence on the scene.

The resources the United States devotes to posts in Northern Ireland and Scotland are not commensurate with U.S. interests in these regions. In Belfast, the comprehensive recommendations made by an Embassy London management survey team should be implemented without delay. Training and staff reorganization are urgent priorities. In addition, more resources should be devoted to planning, coordination, and implementation of public diplomacy activities in support of the peace process. In Edinburgh, decisions about the longer-term U.S. presence are overdue.

Embassy London represents a unique platform for projecting U.S. views to European and other regional and global audiences. Much is already being made of these possibilities, particularly in the economic and commercial sectors. More can be done, however, in addressing the emerging global agenda including environmental and science and technology concerns. To be effective in this role, however, the Department must devote greater attention to the qualifications of those assigned to key positions at the Embassy. Multifunctional and public diplomacy skills, familiarity with global issues, and experience in multilateral diplomacy, including NATO and the European Union, must be given greater weight in the assignment process.

Embassy London should reduce the cost of doing business through better use of information technology, particularly robust, interactive networks. This is key to freeing up personnel resources needed elsewhere. Better-trained personnel and upgraded equipment are prerequisites for realizing this potential.

Post management needs to devote greater attention to security. Many of the recommendations left with the post at the end of 1998 by an OIG security oversight team are only now being addressed. Both the Department and the post should devote priority attention to addressing previously identified vulnerabilities.

Embassy Dublin, Ireland, and USIS Ireland (ISP/I-99-28)

Support for the peace process in Northern Ireland remains the predominant U.S. concern in Ireland. As the peace process evolves, responsibility for day-to-day oversight of U.S. cross-border activities should pass to Embassy Dublin and Consulate General Belfast, with Embassy London continuing to handle coordination with U.K. authorities. Much has been done to improve communication among the three posts, but still more needs to be done to improve coordination on matters relating to Northern Ireland.

The U.S. presence in Ireland should both reflect the importance the United States attaches to the relationship and be tailored to the tasks that need to be performed to promote the relationship the United States seeks with the Republic beyond the peace process. Stepped-up communication with nongovernmental organizations, particularly Irish-American groups in the United States, is key to advancing this broader agenda. Embassy Dublin is not now prepared—nor are preparations being made—to assume the much broader responsibilities associated with the future bilateral agenda. To this end, Embassy Dublin should conduct a missionwide review of the resources needed to advance U.S. interests in Ireland in the post-peace process era.

Looking beyond the peace process, the new Ambassador seeks a

relationship grounded in shared values and an agenda of common regional and global concerns. Despite the high regard the mission staff has for the new Ambassador, post morale remains low, particularly among national employees. This is symptomatic of larger management concerns. The Department's lack of attention to the staffing needs of Embassy Dublin, in part, reflects the post's failure to make its case for additional resources more persuasively through its own workforce planning.

USIS Ireland, rebuilding after 3 years without a public affairs officer, does not have the resources to carry out its public diplomacy role effectively. The USIS staff, among the smallest in any European Union country, may be below critical mass. Core public diplomacy functions are not being performed. Outreach tends to be ad hoc, is not guided by a functioning distribution and records system, and is not coordinated mission-wide. Without additional resources, opportunities will continue to be lost.

Embassy Dublin has fallen seriously behind in efforts to bring its information systems up to date. The information management staff is capable but too small. Other agencies can communicate more easily with their staffs in Washington than with their colleagues across the hall in Dublin. Building on Ireland's status as a major regional center for electronic commerce, top priority should go to the preparation and funding of a communications enhancement program designed to establish Embassy Dublin as a model of electronic di-

plomacy.

Inspection of Embassy Bucharest, Romania, and USIS Romania (ISP/I-99-29)

Embassy Bucharest does not play the role in policy implementation that it should because of inadequate dialogue with Washington and problems of post management. Reporting on political and economic issues is quantitatively and qualitatively inadequate to serve the Washington foreign affairs community. Reporting is not timely, it is weak on analysis, overly weighted toward policy prescriptions and often tilted toward the Romanian perspective. As a result, Washington agencies have developed independent sources of information, and the Embassy's credibility and influence have suffered. The branch office at Cluj-Napoca serves little purpose and should be closed.

The MPP document is complex, diffuse, and overly ambitious. The Department has been remiss in not providing clearer and firmer guidance and in making resources available for questionable purposes. The Embassy's unusual horizontal structure, an offshoot of the MPP, is not working. Stress levels among the staff are high; morale is

not. The number of curtailments by officers exceeds expected norms.

Relations between post management and the U.S. Agency for International Development (USAID) are hampered by a blurring of the difference between oversight and interference. The Ambassador has set some priorities at variance with key elements in the USAID strategic plan geared to transitional economies. USAID programs are central to encouraging the Government of Romania to continue the process of economic reform. The U.S. role in the reform process is critical.

Romania is in its third year of recession. Trade promotion, together with addressing the economic crisis and promoting economic reform, take half the Ambassador's time. While there have been notable successes in U.S. exports, investment, privatization, and economic reform, overall results are mixed due to the volatility of the business climate and complaints by some American firms of unequal advocacy on their behalf by the Embassy.

Public diplomacy has benefited greatly from the Ambassador's interest, in particular from his efforts to generate support for NATO's military action in Yugoslavia. Consular outreach and an internal website are notable mission successes. The Embassy enjoys a good, service-oriented image in the Ameri-

can community.

FOLLOWUP REVIEWS

Embassy Mexico City, Mexico, and Constituent Posts, and USIS, Mexico (ISP/C-99-17)

This followup review found that compliance with the recommendations contained in the original inspection report has been good.

A new consular management team has introduced a series of imaginative measures that have dramatically improved efficiency and service to the public, eliminating long lines that caused serious public relations problems. Front office support has been instrumental in resolving a series of recommendations by obtaining financial and administrative support for additional staffing, equipment, and a

renovation of the visa pavilion (scheduled for completion in mid-1999).

Major shortcomings in an \$18.8-million staff housing construction project have forced employees to put up with substandard conditions or temporarily vacate their homes. The Department should recover the repair and renovations costs, valued at approximately \$1 million.

A long-standing reciprocity sales tax problem concerning the Mexican Impuesto al Valor Agregado (IVA), which the Embassy and its staff pay, remains unresolved. The Department should systematically restrict tax exemption privileges provided to Mexican Government personnel until reciprocity is achieved.

Embassy Moscow, Russia, and

Constituent Posts, and USIS Russia (ISP/C-99-20)

The followup review of the 1997 inspection of Embassy Moscow found that compliance with recommendations has been good—particularly in view of the continued growth of the post; increased turbulence in bilateral relations and in Russian politics; and the security, policy, staffing, and funding constraints under which the post operates. The major problems identified by the 1997 inspection included managing ever-growing operations in outmoded facilities while trying to transition into new ones. Embassy Moscow and A/FBO have been successful in addressing most of the problems identified in the 1997 inspection, although a final resolution depends upon obtaining funding for construction of additional unclassified facilities in a new embassy annex, as recommended in the followup review. OIG also recommended that Consulate General St. Petersburg be equipped with secure communications facilities to carry out assigned functions or that expectations be revised and staffing reduced to levels commensurate with the post's limited communications facilities. The followup review made or reissued 11 recommenda-

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tions to address diplomatic privileges, staffing, housing, and internal controls issues.

Protective Services (SIO/A-99-29)

This audit evaluated the effectiveness of DS's protective services program. The audit focused on protection provided to visiting foreign dignitaries and foreign missions in the United States. DS has successfully defended dignitaries and missions from attack, and client organizations provide positive feedback on DS's performance. However, improvements are needed to enhance DS's protective services program.

OIG made recommendations regarding the needed improvements in the protective services program. DS and other Department officials generally concurred with the OIG's findings and recommenda-

tions, except for the recommendation to initiate legislative action to centralize all protection activities for foreign missions into DS. Additional information regarding this audit is available in the classified annex to the semiannual report.

Protection of Classified Documents at State Department Headquarters (SIO/A-99-46)

This OIG security audit evaluated the effectiveness of State Department policies and procedures for protecting classified documents at the main State Department facility in Washington, D.C. Although the Department has programs in place to evaluate individuals' trustworthiness and need to handle classified

Oversight of Security Enhancements

During this semiannual reporting period, OIG evaluated the Department's efforts to enhance physical security overseas through inspections and evaluations at several posts, including Nairobi and Dar es Salaam. OIG also continued its oversight of expenditures related to the Department's emergency supplemental appropriation for security enhancements.

OIG's May 1999 security evaluations at the interim Embassies Dar es Salaam and Nairobi determined that the embassies are more secure than at their former locations at the time of the terrorist attacks; for example, Embassy Dar es Salaam now has the required setback. Department officials deserve great credit for sustaining operations and improving physical security at these posts. However, during the evaluations, OIG identified additional steps the Department should take to improve security further (see classified annex to this report). The Department generally agreed with OIG's findings and has initiated actions to make the improvements.

OIG also continued its efforts to oversee expenditures related to the Department's \$1.4 billion emergency supplemental appropriation for security enhancements. OIG is reviewing the Department's management controls and systems that account for and manage the emergency supplemental appropriation. Other areas of review include the recruitment and training of security and administrative personnel, and the procurement of goods and services with the emergency funds. OIG plans to issue a status report to the Department on its review of the FY 1999 emergency supplemental appropriation by November 1999.

Office of Investigations

information, improvements are needed to enhance the level of security awareness and controls to prevent unauthorized disclosures. Additional information regarding this audit is available in the classified annex to the semiannual report.

cator to a supposedly more lenient adjudicator. The FSN also had personally completed a visa application for an applicant that contained false statements. The evidence clearly revealed activities that were in violation of visa policy and procedures. As a result, the FSN employee was terminated for cause on April 30, 1999. (99-029)

friend in collecting rent from a tenant. On August 11, 1999, the Bureau of Personnel proposed that the employee be suspended for 5 days without pay. (99-038)

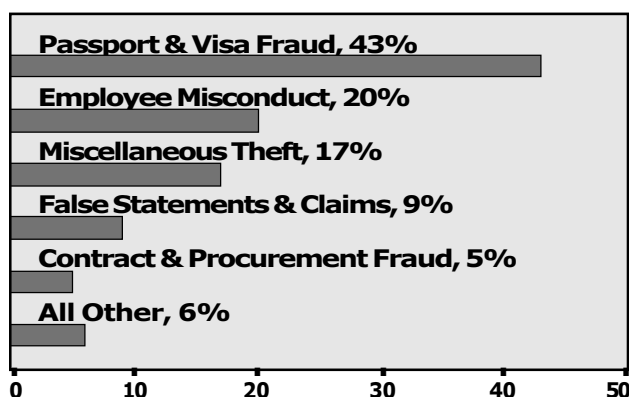
Employee Misconduct

The Immigration and Naturalization Service (INS) informed OIG of a foreign national discovered bearing identification documents with different names. The subject reported having obtained a visa at a U.S. Consulate from a relative who was a State Department FSN employee. OIG determined that an FSN at the consulate had made improper recommendations to an adjudicator, had misrepresented his relationship to visa applicants, and had transferred documents from one adjudicator

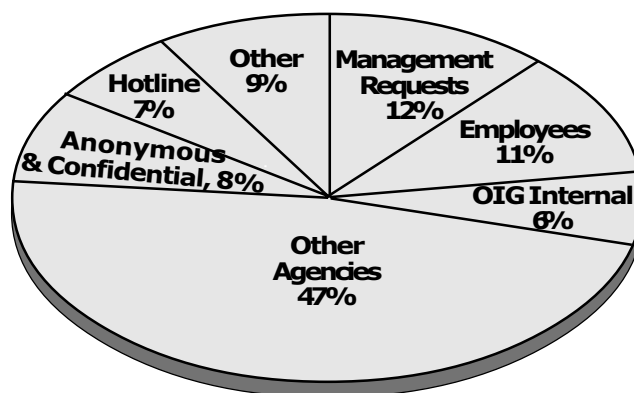
OIG initiated an investigation based upon information regarding misuse of official position by a consular officer at an overseas embassy. The officer had assisted a friend in obtaining family member benefits by claiming the friend was a relative. The benefits included access to embassy facilities and preferential treatment for the friend's son at a private school. The investigation also determined that the employee used a fictitious name and embassy letterhead stationery to assist the

Based upon information received in December 1998, OIG conducted an investigation into allegations that a Foreign Service officer had improperly handled consular funds and had engaged in other improper conduct. The investigation determined that the officer had collected and retained consular fees and had failed to deposit them with the cashier; had borrowed money from FSN employees, including a direct subordinate; had held cashier collections overnight; and had used consular collections to change money for personal use. On August 23, 1999, the Bureau of Personnel proposed a 5-day suspension without pay. (99-014)

Types of Cases*

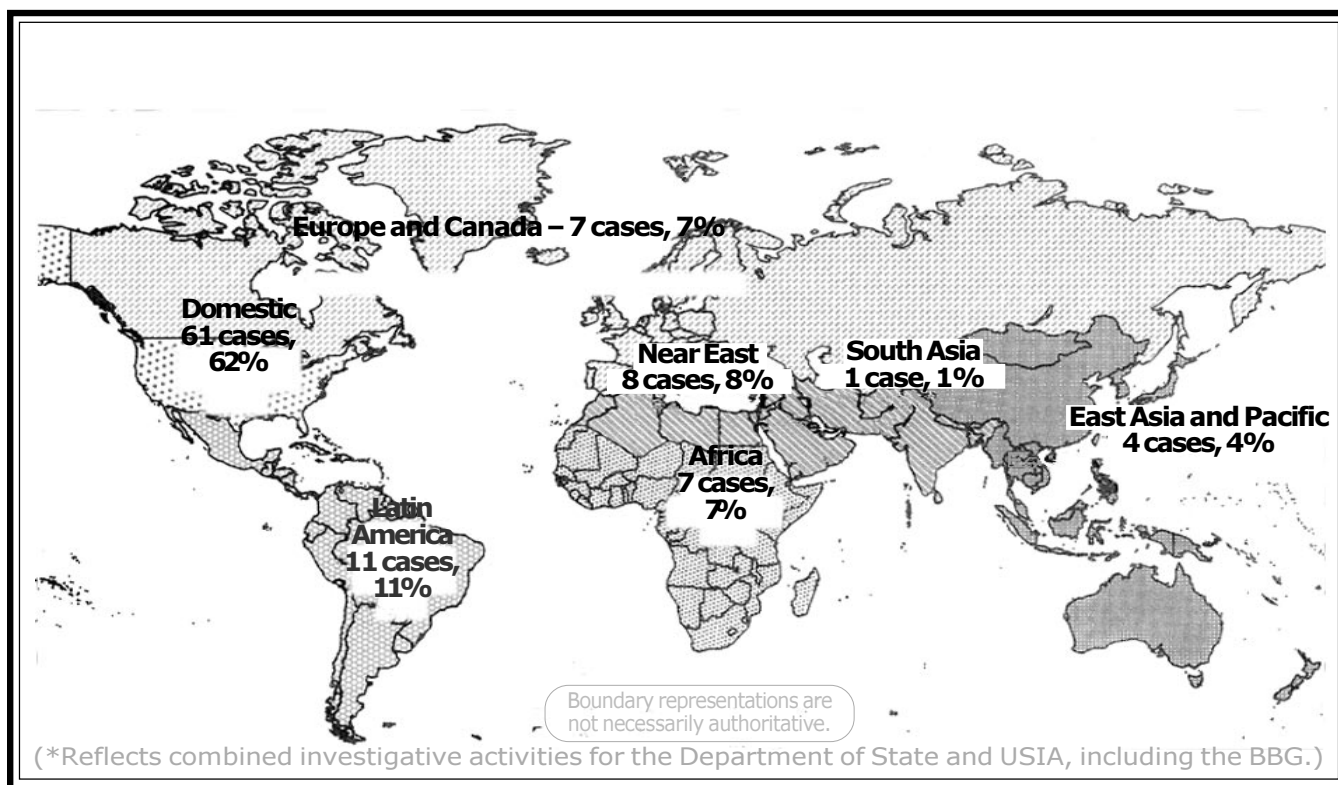


Sources of Allegations*



(*Charts reflect combined investigative activities for the Department of State and USIA, including the BBG.)

Geographic Distribution of Investigations*



OIG received information from a consulate general regarding abuse of position by a consular agent. The investigation disclosed that the subject had used the consulate telephone, fax, office space, and letterhead to promote at least three personal health businesses. The financial management officer and OIG agents conducted a document review that disclosed pending advances and collection fee deposits totaling \$1,684 and unofficial telephone calls totaling \$1,279. The financial management officer stated that these funds would be retained to reimburse the post cashier. The investigation will pursue restitution for embezzled rental fees deposited in the

subject's bank account. (99-061)

Contractor Misconduct

OIG received an allegation that a Department contractor was making false claims through a double billing scheme. OIG agents interviewed the managing director, corporate officers from four different freight shipping companies, and staff from the Department. The investigation did not disclose a double billing scheme; however, the contractor had mischarged the U.S. Government for trucking fees. The fraud involved charging the Department for trucking freight containers one block, between a warehouse and a corporate office.

The contractor did not have trucking records or documented proof to support trucking fees. The contractor agreed to reduce trucking fees by 66 percent. This reduction will be realized in a renewed 5-year contract. The Department recovered \$17,230 for FY 1999. (98-128)

In March 1999, OIG initiated an investigation based on a stolen cashier's check at an overseas post. OIG agents obtained details about the theft and identified a local foreign national, with ties to the Embassy, as the person who cashed the check. Local police arrested the individual after positive identification by the bank manager. OIG agents identified a contractor working at the Embassy as a sus-

pect for the theft of the check, and the regional security officer, local police, and OIG agents established corroborating evidence. Local authorities arrested the contractor March 8, 1999, and the post terminated the employment contract with the Embassy on March 9. In June, the administrative officer retained \$4,372 from the contractor's severance pay. (99-045)

Embezzlement

In May 1999, OIG received information that an employee on detail to the Department submitted false reimbursement vouchers during an evacuation from a U.S. Embassy overseas. The employee provided falsified rent receipts in order to receive reimbursement at a higher rate. On May 20, 1999, the Bureau of Finance and Management Policy issued a letter of collection to the employee for \$4,440. Criminal prosecution of the employee is pending. (99-052)

An OIG investigation determined that a senior U.S. official claimed reimbursement from the government for meals that he did not provide to his domestic staff. OIG found no indication that the official intentionally submitted false claims. On August 20, 1999, the Bureau of Finance and Management Policy initiated a collection action in the amount of \$1,773 for the meals that were not provided to the official's domestic staff. (99-017)

In March 1998, OIG initiated an investigation after receiving allegations that a senior U.S. official engaged in improper travel practices by using official frequent flyer credits to purchase an airline ticket for his wife for a personal trip. No evidence was found of intent to defraud the U.S. Government. On August 23, 1999, the official reimbursed the government \$2,247 for the cost of his wife's airline ticket. (98-120)

An OIG proactive investigation revealed that a senior U.S. official had failed to offset his annuity from previous government service against his Department of State salary as required by law. No evidence of intent to defraud the U.S. Government was found. Administrative action was taken, directing the official to reimburse the government \$82,000 for salary he received that was not offset by his annuity. (99-019)

Allowance Fraud

OIG conducted an investigation into allegations that four FSNs were receiving an elevated compensation amount for housing by fraudulently claiming to be accompanied by a spouse or dependent. The investigation determined that the FSNs knowingly committed this fraud. The matter was referred to the post for appropriate action. A letter of admonishment was placed in the personnel file of each FSN. Additionally, each FSN must reimburse the U.S. Government the amount of the overpayment.

Total repayment from the four employees is \$12,930. (99-039)

Visa Fraud

In August 1998, OIG initiated an investigation based upon information that several FSN employees at an overseas post had assisted applicants in obtaining nonimmigrant visas to travel to the United States for \$3,500 - \$4,000 per visa.

The investigation revealed three distinct fraudulent schemes. First, FSNs abused the referral process, using their positions as embassy employees to recommend as family members numerous local residents. Second, a former FSN circumvented the visa renewal process through a ruse involving relatives in New York City. Individuals residing in the United States, whose visas were soon to expire, contracted with the siblings to have their passports sent back to the Embassy. After these visas were renewed, the passports were returned to the appropriate persons in the United States. Third, an FSN and two contract guards solicited and accepted payments from people waiting in line at the Embassy to apply for a visa, demanding up to \$4,000 from each person for special assistance.

After the investigation, the Embassy dismissed five FSNs and transferred two contract guards from duty at the Embassy. Local authorities are pursuing prosecution of two of the former FSN employees. (98-121)

Conflict of Interest

In September 1998, OIG initiated an investigation based upon information that a Special Government Employee might have violated conflict of interest statutes by representing an outside employer to Department officials during the time of his employment. The investigation determined that the employee made phone calls and sent faxes to Department officials promoting the business interests of the outside employer. On April 19, 1999, the employee was arraigned in the U.S. District Court for the District of Columbia on a misdemeanor count of conflict of interest. The employee pleaded guilty and was sentenced to a years probation, a \$20,000 fine, a \$25 special assessment, and 25 hours of community service. (98-130)

Management Implication Report

During another OIG investigation concerning allegations of conflict of interest by a Department Special

Government Employee, OIG determined that the Department had defined the employee’s duties so broadly that it was difficult for the individual to avoid the appearance of a conflict of interest. On August 4, 1999, OIG issued a Management Implication Report to the Secretary of State recommending that the Department more specifically define the duties of Special

Government Employees. (99-050)

FOLLOWUP ACTIONS

Embezzlement

An OIG investigation developed evidence that a cashier had filed false claims for reimbursement from an imprest fund for approximately 4 years. It was determined that the cashier had filed more than 40 false claims, for a total amount slightly exceeding \$6,000. On February 19, 1999, the cashier pleaded guilty in U.S. District Court to a felony count of theft of U.S. Government

property. On April 14, 1999, the subject resigned from employment in lieu of termination and, on August 23, 1999, was sentenced to 4 years of probation and full restitution. (See *OIG Semiannual Report, October 1, 1998, to March 31, 1999, p. 26.*) (98-114)

Passport Fraud

An OIG investigation resulted in an illegal alien’s pleading guilty to one count of passport fraud in U.S. District Court in April 1999. The investigation established that the subject had used a U.S. passport to make numerous trips overseas to sell sto-

HOTLINE

The OIG Hotline, operated by the Office of Investigations, is a prompt, effective channel for employees to report incidents of fraud, waste, abuse, and mismanagement to the Inspector General. Below is a summary of Hotline activity for all of the agencies for which OIG has oversight.

Total allegations received	176
Held for action within OIG	39
Referred to other offices for action	128
Not substantiated–no action necessary	9

Appendix 1: Investigative Activities¹

Workload		Total Judicial Actions	56
Cases pending 3/31/99	117	Criminal	
New cases opened	38	Prosecutive referrals	24
Cases closed	67	Prosecutive declinations	15
Cases pending 9/30/99	88	Prosecutive dismissals	0
		Acquittals	0
Total Administrative Actions	45	Indictments ²	2
Admonishments	4	Convictions	5
Counseling	1	Sentencings	9
Curtailment	1	Time sentenced	31 months
Debarments	0	Time suspended	0
Demotions	0	Time probation	23 years
Reimbursements	11	Court-ordered fines	\$35,425
Reprimands	0	Court-ordered restitutions	0
Resignations	0	Civil	
Suspensions	3	Referrals	0
Terminations	8	Declinations	0
Administrative referrals	16	Complaints	0
PFCRA ³ referrals	0	Judgments	0
PFCRA declination	0	Recoveries	1
PFCRA reimbursement	0	Total judgments and recoveries	\$500,000
Savings	1		

Administrative recoveries ⁴	\$ 135,997
Judicial recoveries ⁵	\$ 535,425
Total Investigative Recoveries	\$ 671,422

¹ This appendix reflects investigative statistics for the Department of State only. Please see pages 49 and 59 for investigative statistics related to USIA and BBG, respectively.

² Indictments included formal criminal charges brought against a subject. The manner in which charges are brought varies from country to country.

³ Program Fraud and Civil Remedies Act.

⁴ Includes recoveries from administrative actions, such as reimbursements and savings.

⁵ Includes recoveries from judicial actions, including court-ordered fines and restitutions and civil judgments and recoveries.

The statistics and narrative case descriptions of investigative activities appearing in this Semiannual Report to the Congress are the result of reports received from prosecutive and administrative authorities. The final actions may be changed at a later date by individual use of administrative and judicial appeals processes.

Appendix 2: Reports Issued

Office of Audits

99-SP-013	Review of Tours of Duty	5/99
99-FM-014	Foreign Service Retirement and Disability Fund Statements for FY 1998	5/99
99-CI-018	Export Licensing	6/99
99-CI-021	Department of State Support for U.S. Business Abroad	9/99
99-CG-022	FY 1999 Indirect Cost Rate, American Institute in Taiwan	7/99
99-CI-027	International Law Enforcement Coordination and Oversight	9/99
99-CI-028	Consular Fraud Prevention Programs	9/99
99-CG-029	Accounting for Increased Visa Fees of the American Institute in Taiwan	9/99
99-PP-030	Acceptability Review Process Within the Bureau of Diplomatic Security	9/99
99-FM-031	Department of State's 1997 and 1998 Principal Financial Statements	9/99
99-FM-032	International Cooperative Administrative Support Services Program's 1997 and 1998 Financial Statements	9/99

Office of Inspections

Inspections

ISP/I-99-15	Embassy Jakarta, Indonesia, Constituent Post, and USIS Indonesia	6/99
ISP/I-99-16	Foreign Service Institute	6/99
ISP/I-99-18	Embassy Tel Aviv, Israel, and USIS Israel	8/99
ISP/I-99-19	Consulate General Jerusalem and USIS Jerusalem	8/99
ISP/I-99-21	Embassy Kathmandu, Nepal, and USIS Nepal	9/99
ISP/I-99-22	Embassy Colombo, Sri Lanka, and USIS Sri Lanka	8/99
ISP/I-99-23	Embassy New Delhi, India, Constituent Posts, and USIS India	8/99
ISP/I-99-24	Embassy Santo Domingo, Dominican Republic, and USIS Dominican Republic	9/99
ISP/I-99-25	Consulate Lyon, France	9/99
ISP/I-99-26	Management Controls for Small Embassies	9/99
ISP/I-99-27	Embassy London, United Kingdom, Constituent Posts, and USIS United Kingdom	9/99
ISP/I-99-28	Embassy Dublin, Ireland, and USIS Ireland	9/99
ISP/I-99-29	Embassy Bucharest, Romania, and USIS Romania	9/99

Followup Reviews

ISP/C-99-17	Embassy Mexico City, Mexico, Constituent Posts, and USIS Mexico	7/99
ISP/C-99-20	Embassy Moscow, Russia, Constituent Posts, and USIS Russia	8/99

Office of Security and Intelligence Oversight

Audits

SIO/A-99-29	Protective Services	6/99
SIO/A-99-46	Protecting Classified Documents at State Department Headquarters	9/99

Inspections

SIO/I-99-24	Embassy London, United Kingdom	7/99
SIO/I-99-34	Embassy Zagreb, Croatia	6/99
SIO/I-99-35	Embassy Kuala Lumpur, Malaysia	5/99
SIO/I-99-36	Embassy Brussels, Belgium, U.S. Mission to the European Union, and U.S. Mission to the North Atlantic Treaty Organization	5/99
SIO/I-99-37	Embassy Luxembourg	7/99
SIO/I-99-41	Embassy Prague, Czech Republic	7/99
SIO/I-99-42	Embassy Valletta, Malta	9/99
SIO/I-99-43	Radio Free Europe/Radio Liberty Prague, Czech Republic	7/99
SIO/I-99-44	Embassy Oslo, Norway	8/99
SIO/I-99-45	Embassy Stockholm, Sweden	8/99

Security Evaluations

SIO/E-99-50	Security at Embassies Dar es Salaam and Nairobi Following the 8/7/98 Terrorist Bombings	9/99
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Followup Reviews

SIO/C-99-30	Embassy Beijing, China, and Constituent Posts	4/99
SIO/C-99-51	Embassy Santo Domingo, Dominican Republic	9/99

Contract Audits

Vendor	Audit Number	Type
Zimmer, Gunsul, Frasca Partnership	PA-BB-CG-99-10	Labor Hour Rates
Systems Engineering, Inc.	PA-BB-CG-99-12	Labor Hour Rates
A&D Fire Protection, Inc.	PA-BB-CG-99-11	Labor Hour Rates
Tai Soo Kim Partners	PA-BB-CG-99-09	Labor Hour Rates
Woodrow Wilson International Center for Scholars	OMB Circular A-133 PA-MB-CG-99-02	Reports
International Orthodox Christian Charities, Inc.	OMB Circular A-133 PA-MB-CG-99-01	Reports
Ray Communications, Inc.	PA-BB-CG-99-08	Claim

Appendix 3: Savings & More Effective Use of Resources

Table I
INSPECTOR GENERAL ISSUED AUDIT REPORTS¹
WITH QUESTIONED COSTS²

	<u>Number of Reports</u>	<u>(Dollars in Thousands)</u>	
		<u>Questioned Costs</u>	<u>Unsupported Costs</u>
A. For which no management decision has been made by the commencement of the reporting period	1	145	0
B. Which were issued during the reporting period	2	638	0
Subtotals (A + B)	3	783	0
C. For which a management decision was made during the reporting period	0	0	0
– based on formal administrative or judicial appeal			
(i) dollar value of disallowed costs	0	0	0
(ii) dollar value of costs not disallowed	0	0	0
D. For which no management decision has been made by the end of the reporting period	3	783	0
Reports for which no management decision was made within 6 months of issuance	1	145	0

¹ Includes audit reports issued by the Office of Audits and by the Office of Security and Intelligence Oversight.

² Questioned costs are costs that are questioned by the OIG because of an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; a finding that, at the time of the audit, such costs are not supported by adequate documentation; or a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

Table II
INSPECTOR GENERAL ISSUED AUDIT REPORTS
WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE¹

	<u>Number of Reports</u>	<u>Dollar Value (in thousands)</u>
A. For which no management decision has been made by the commencement of the reporting period	7	7,846
B. Which were issued during the reporting period	0	0
Subtotals (A + B)	7	7,846
C. For which a management decision was made during the reporting period	5	7,500
(i) dollar value of recommendations that were agreed to by management	5	7,500
– based on proposed management action		
– based on proposed legislative action		
(ii) dollar value of recommendations that were not agreed to by management	0	0
D. For which no management decision has been made by the end of the reporting period	2	346
Reports for which no management decision was made within 6 months of issuance	2	346

¹ A “recommendation that funds be put to better use” is a recommendation by the OIG that funds could be used more efficiently if Department management took actions to implement and complete the recommendations, including: reductions in outlays; deobligation of funds from programs or operations; withdrawal of interest subsidy costs on loans or loan guarantees, insurance, or bonds; costs not incurred by implementing recommended improvements related to the operations of the Department, a contractor, or a grantee; avoidance of unnecessary expenditures noted in preaward reviews of contract or grant agreements; or any other savings which are specifically identified.

Appendix 4: Resolution of Reports & Recommendations

PREVIOUSLY REPORTED SIGNIFICANT AUDIT RECOMMENDATIONS¹ PENDING FINAL ACTION²

Report Number	Rec. Number	Report Title Recommendation Summary	First Reported
4-PP-014		<i>Maintenance and Repair of Buildings Overseas</i> 1. Develop a system to identify and monitor the worldwide backlog of maintenance and repair deficiencies, including determining an acceptable level for the backlog and periodically updating the backlog for corrective action taken, additional deficiencies identified, and improved cost estimates.	3/31/94
5-FM-007		<i>Review of Financial Systems Development</i> 2. The Under Secretary for Management review the current alignment of resources and responsibilities for system acquisition and development in the Department and determine the optimal management arrangement for system acquisition and development.	3/31/95

¹ Includes audit recommendations reported as significant in semiannual reports prior to March 31, 1998, on which Department management has agreed to take corrective action but for which those actions are not yet complete.

² Final action is recorded when a proposed course of action in response to a recommendation has been accepted by OIG and completed by management to OIG's satisfaction.

SUMMARY OF AUDIT REPORTS

WITHOUT MANAGEMENT DECISION FOR MORE THAN SIX MONTHS

Administration of Government Housing (98-PP-003), February 1998

Summary: OIG made two recommendations to A/FBO related to the oversight and collection of fees for the use of temporary-duty housing.

Reason Unresolved: A/FBO believes that it does not have sole responsibility for oversight and collection of fees for temporary-duty housing.

To be resolved by: December 1999

Audit of the Classified (Red) Mainframe System's Security (SIO/A-97-02), October 1996

Summary: OIG made 12 recommendations to establish a security program and plan for the classified system to address risks found during the audit and to ensure that responsible officials are identified and kept informed. Five of those recommendations were to the Under Secretary for Management and seven to the Assistant Secretary for Administration. An additional two recommendations to the Assistant Secretary were added at Management's request to address the alternative of migrating the system's functions to other processing environments.

Reason Unresolved: No formal correspondence from the Under Secretary for Management has been received. An informal request from the Under Secretary's office to redirect the recommendations was declined. That request was declined because the audit found that the system's security was at risk as the result of fragmented responsibility between bureaus and that involvement by the Under Secretary to resolve the fragmentation is needed. Recently, OIG closed one of the five recommendations addressed to the Under Secretary due to the Department's plan to shut down the mainframe computer during conversion to new classified systems.

To be resolved by: December 1999

SUMMARY OF AUDIT REPORTS

WITHOUT MANAGEMENT DECISION FOR MORE THAN SIX MONTHS

Audit of the Management of Secure Communications (SIO/A-97-15), March 1997

Summary: OIG recommended that the Director General of the Foreign Service and the Director of Personnel require personnel, like IM specialists staff, who hold positions with access to bulk quantities of sensitive information to undergo a special counterintelligence screening process prior to each assignment.

Reason Unresolved: Department officials agreed that the personnel security process needed to be improved, but that it should be “linked to posts’ critical threat levels and the vulnerability of the positions and personnel pending assignment.” OIG believes the Department needs an effective approach, not only for the relatively small set of critical threat posts, but also for the hundreds of noncritical threat posts.

To be resolved by: December 1999

Summary: OIG recommended that M/DGP take the following actions to address the suitability concerns involving potential national security implications of personnel who are posted overseas; coordinate with CIA’s Office of Personnel Security, on a lessons learned basis, to determine the requirements, including resources, to develop and implement a special screening process; request from the Under Secretary for Management, the resources necessary to develop and implement a special screening process; and develop and implement a program to advise management of personnel with suitability concerns involving potential national security implications who are posted overseas.

Reason Unresolved: M/DGP has not formally responded to this recommendation.

To be resolved by: December 1999

Summary: OIG recommended that M/DGP identify Department personnel, such as chiefs of mission, DCMs, front office secretaries, executive assistants, political officers, and others who may, as a result of their job or access to classified or sensitive information, be the target of exploitation by foreign intelligence service as discussed in PDD/NSC-12.

Reason Unresolved: M/DGP has not formally responded to this recommendation.

To be resolved by: December 1999

U.S. Information Agency

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OIG Activities

len vehicles. On June 9, 1999, the subject was sentenced to 7 months' incarceration and was ordered deported upon completion of the sentence. (See *OIG Semiannual Report, October 1, 1998, to March 31, 1999, p. 27.*) (98-127)

OFFICE OF AUDITS

Review of Indirect Cost Rates and Sale and Leaseback Arrangement Proposed by the Institute of International Education (USIA-99-CG-015 and -016)

OIG reviewed the Institute of International Education's (IIE) proposed indirect cost pools and the associated indirect rates for FY 1999. IIE is a nonprofit corporation that develops, administers and provides technical assistance to international education and exchange programs. OIG analyzed the allowability and allocability of accounts comprising IIE's indirect proposals, including specific indirect costs such as facility and administrative expenses. The review questioned \$1,054,098 of the costs proposed in the indirect cost rate calculations. The questioned costs resulted from IIE's proposed accounting treatment of transactions involving the sale of a building and subsequent leaseback of that same building. IIE's proposed accounting methodologies did not comply with OMB Circular

A-122, which limits allowable rental costs on sale and leaseback arrangements to the amount that would have been allowed had IIE continued to own the building. Therefore, OIG recommended that the grants officer lower IIE's proposed indirect cost rate by about 1 percent. OIG's review of the IIE proposed sale, purchase and escrow agreement, proposed lease, and the proposed accounting treatment of such transactions was covered in a separate report. OIG projected a total of \$4.3 million in disallowed rental costs over the life of the lease.

The Cyprus Fulbright Commission (USIA-99-CG-017)

OIG conducted an audit of the financial and management operations of the Commission for Educational Exchange between the United States of America and Cyprus. The primary purpose was to determine if the Commission adequately accounted for Federal funds and complied with the terms and conditions of agreements, applicable laws, and regulations. The audit covered activities dur-

ing the period October 1, 1995, through September 30, 1998, for the Cyprus-American Scholarship Program (CASP) totaling approximately \$51 million. Overall, the Commission adequately accounted for Federal funds and had supporting ledgers containing sufficient detail to support receipts and expenditures. Problems existed, however, in planning for the use of surplus funds of about \$610,000 in its traditional Fulbright and CASP programs. OIG recommended that these surplus funds be used to offset the Commission's future-year allocations, and return expired CASP funds to the U.S. Treasury. Further, OIG questioned costs spent for bicommunal programs and activities that did not fall within the scope of the agreements or attached budgets.

Additional information regarding the Embassy's interaction with the Commission is available in the classified annex to the semiannual report.

Review of Planning and Management of Lisbon Expo 98 (USIA-99-CG-019)

The OIG conducted a review of the planning, management, and procurement activities related to the 1998 World Exposition (Expo 98) held in Lisbon, Portugal, from May 22 through September 30, 1998. The review focused on these issues because previous OIG audits of the U.S. Government's participation in international fairs and expositions found the actions of USIA to be problematic. The review disclosed problems with planning for Expo 98, managing U.S. pavilion operations, and procuring goods and services, during both the preparation and operations phases. Although the U.S. pavilion opened on time, preparation for the event started at least a year late. The lack of proper planning and competition in awarding some contracts significantly increased costs and also may have contributed to potential liabilities of about \$720,000. In addition, two lawsuits were filed against the U.S. pavilion's primary construction contractor by a subcontractor, causing, among other problems, the shutdown of the pavilion's restaurant before the close of the world's fair. OIG recommended that USIA seek clarification of the statute prohibiting use of USIA funds and clarifying government sponsorship of such activities. OIG also recommended that USIA prepare a handbook with specific guidance on applicable

laws and regulations. In addition, OIG expressed concern about the lack of funding for Hanover 2000.

The Malaysian-American Commission on Educational Exchange (USIA-CG-99-024)

OIG reviewed the Malaysian-American Commission on Educational Exchange to determine whether the Commission adequately accounted for Federal funds and complied with applicable laws and regulations. OIG found that it adequately accounted for Federal funds and generally complied with applicable laws and regulations. But, the Commission allowed as much as \$108,000 in surplus funds to accumulate during the audit period. OIG recommended that these surplus funds be used to offset future allocations. Commission administrative costs were higher than necessary because the Commission used program funds for advising and administrative costs that were not associated with the core Fulbright program. The Commission also did not include its testing fund balance in quarterly financial reports submitted to USIA. As of September 30, 1996, the testing fund balance totaled \$482,000. As a result, USIA was unaware of the

significant amount of funds raised from the testing. USIA could have required a cost share that would have resulted in significant cost savings for the U.S. Government.

Claimed Costs Under USIA Awards to the Washington Workshops Foundation (99-CG-025)

OIG performed a review of costs claimed by the Washington Workshops Foundation under grants totaling \$1.5 million. OIG found that expenditures of Federal funds were not always properly documented or used for authorized purposes. As a result, OIG questioned costs totaling about \$913,000. Of that amount, \$388,000 was classified as unsupported because of a lack of documentation, and \$525,000 was unallowable under OMB Circular A-122 and the agreements. The majority of the unallowable costs included overcharging the grant for more than the actual cost incurred for participant housing and misuse of grant funds for transportation and cultural allowances incurred for the Foundation's private programs. OIG also found material internal control weaknesses, including inadequate procedures and system for accounting for Federal funds as required by OMB Circular A-110; and, noncompliance with applicable laws and regulations, such as failure to submit OMB Circular A-133 audit reports, inadequate procedures for cost sharing, failure to obtain nonprofit status, and lack of time sheets. In addi-

tion, OIG's analysis showed that the Foundation's flat rate charge of \$795 per student, used for grants awarded subsequent to those audited by OIG, was not reasonable.

American Council of Learned Societies Supporting the Vietnam Fulbright Economic Teaching Program (99-CG-026)

OIG performed a limited review of USIA grants to the American Council of Learned Societies (ACLS) and its subrecipient, the Harvard Institute for International Development (HIID) supporting the Fulbright Economic Teaching Program in Vietnam. The primary objective of the review was to determine if ACLS and HIID adequately accounted for Federal funds and complied with the terms and conditions of agreements. OIG found that ACLS' expenditures of Federal funds were not always adequately recorded, properly documented, or used for authorized purposes. As a result, OIG questioned costs totaling about \$1.1 million that were unallowable or unauthorized under OMB circulars and the grant terms and conditions. The majority of unallowable costs,

although incurred on behalf of a USIA-sponsored program, resulted from ACLS' policy of "pay-as-you-go," which disregards grant periods and restrictions.

OFFICE OF INVESTIGATIONS

Employee Misconduct

OIG was notified by USIA of improper use of an office telephone by a government employee. During an interview with OIG agents, the employee acknowledged having used a government telephone, along with several friends who are not government employees, to make calls to Panama. According to USIA telephone records, the employee made a total of 65 long distance telephone calls to Panama between January and April 1997, at a cost to the government of \$792. USIA's Office of Human Resources stated that the employee would reimburse the government for these unofficial telephone calls. (98-010)

OIG initiated investigations based upon a complaint that four Civil Service broadcasters employed at the International Broadcasting Bureau (IBB) were regularly engaging in time and attendance

abuse. The investigation determined that during weekend assignments, these employees were frequently absent from work for extended periods, when their time and attendance reports indicated that they had worked full 8-hour shifts. On August 23, 1999, after reviewing OIG reports of investigation, USIA's Office of Human Resources advised OIG that three of these employees agreed to forfeit specified hours of annual leave and waived grievance and appeal rights. The fourth employee voluntarily separated from employment prior to transmittal of the report of investigation. It is specified that these agreements serve as letters of reprimand and will be maintained in the employees' official personnel files for 3 years. (98-017, 98-018, 98-019, 98-020)

False Claims

Information provided to OIG alleged that an American officer submitted a false voucher for reimbursement for a representational event at the officer's home. The voucher was not processed. An OIG investigation determined that the event never took place, and the officer subsequently admitted to filing a false voucher. The U.S. Attorney's Office declined prose-

Appendix 1: Investigative Activities

Workload		Total Judicial Actions	18
Cases pending 3/31/99	14	Criminal	
New cases opened	4	Prosecutive referrals	8
Cases closed	7	Prosecutive declinations	7
Cases pending 9/30/99	11	Prosecutive dismissals	0
		Acquittals	0
		Indictments	0
		Convictions	0
		Sentencings	0
Total Administrative Actions	10	Civil	
Administrative referrals	5	Referrals	1
Counseling	0	Declinations	1
Reimbursements	0	Recoveries	1
Termination	1	Total civil recovery	\$10,000
Reprimands	4		
Demotions	0		

Administrative recoveries	\$ 0
Judicial recoveries	\$ 10,000
Total Investigative Recoveries	\$ 10,000

The statistics and narrative case descriptions of investigative activities appearing in this Semiannual Report to the Congress are the result of reports received from prosecutive and administrative authorities. The final actions may be changed at a later date by individual use of administrative and judicial appeals processes.

Appendix 2: Reports Issued

Office of Audits

99-CG-015	Indirect Cost Rates Proposed by the Institute of International Education	5/99
99-CG-016	Sale and Leaseback Arrangement Proposed by the Institute of International Education	5/99
99-CG-017	Cyprus Fulbright Commission	9/99
99-CG-019	Planning and Management of Lisbon Expo 98	9/99
99-CG-024	Malaysian-American Commission on Educational Exchange	7/99
99-CG-025	Claimed Costs Under USIA Awards to the Washington Workshops Foundation	9/99
99-CG-026	ACLS Supporting the Vietnam Fulbright Economic Teaching Program	9/99

Appendix 3: Savings & More Effective Use of Resources

Table I
INSPECTOR GENERAL ISSUED AUDIT REPORTS
WITH QUESTIONED COSTS

	<u>Number of Reports</u>	<u>(Dollars in Thousands)</u> <u>Questioned Costs</u>	<u>Unsupported Costs</u>
A. For which no management decision has been made by the commencement of the reporting period	6	816	62
B. Which were issued during the reporting period	5	6,089	338
Subtotals (A + B)	11	6,905	400
C. For which a management decision was made during the reporting period	0	0	0
– based on formal administrative or judicial appeal			
(i) dollar value of disallowed costs	0	0	0
(ii) dollar value of costs not disallowed	0	0	0
D. For which no management decision has been made by the end of the reporting period	11	6,905	400
Reports for which no management decision was made within 6 months of issuance	6	816	62

Table II
INSPECTOR GENERAL ISSUED AUDIT REPORTS
WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE

	<u>Number of Reports</u>	<u>Dollar Value (in thousands)</u>
A. For which no management decision has been made by the commencement of the reporting period	2	383
B. Which were issued during the reporting period	2	718
Subtotals (A + B)	4	1,101
C. For which a management decision was made during the reporting period	0	0
(i) dollar value of recommendations that were agreed to by management	0	0
– based on proposed management action		
– based on proposed legislative action		
(ii) dollar value of recommendations that were not agreed to by management	0	0
D. For which no management decision has been made by the end of the reporting period	4	1,101
Reports for which no management decision was made within 6 months of issuance	2	383

Appendix 4: Resolution of Reports & Recommendations

PREVIOUSLY REPORTED SIGNIFICANT AUDIT RECOMMENDATIONS PENDING FINAL ACTION

Report Number	Rec. Number	Report Title Recommendation Summary	First Reported
93-A-34/ ARR-95-08		<i>Grants Management Followup</i> 5. Require monthly reporting requirements on the project's status. 6. Ensure that data in the grants system is reconciled with data in other grant-related systems.	3/31/95
APR-96-07		<i>Exchange Visitor Information System</i> 3. Determine the feasibility of electronically transmitting J Visa data from sponsor organizations to the EVIS database at USIA.	3/31/96

SUMMARY OF AUDIT REPORTS

WITHOUT MANAGEMENT DECISION FOR MORE THAN SIX MONTHS

International Development Exchange (A-92-24), November 1992

Summary: OIG made recommendations on questioned costs of \$59,497 and accounting system deficiencies.

Reason Unresolved: The Office of Contracts deferred a decision on the questioned costs pending completion of OIG's investigation, which was referred to the Justice Department in July 1994.

To be resolved by: Unknown; case in litigation

Delphi International Group (A-92-23), December 1992

Summary: OIG questioned grant costs totaling \$253,772, which included costs associated with an OIG investigation. In September 1997, the Department of Justice reached a settlement with Delphi on the investigation, but \$117,179 in audit costs remain unresolved.

Reason Unresolved: USIA's Office of Contracts is seeking clarification and documentation from the grantee.

To be resolved by: December 1999

North/South Center (ARR-94-03), March 1994

Summary: OIG recommended that USIA seek reimbursement of \$1,507,261 in questioned costs, approximately \$1 million of which resulted from an inequitable allocation of indirect costs to the Center. The Department of Health and Human Services, which has audit cognizance, established new indirect cost rates.

Reason Unresolved: USIA's Office of Contracts deferred action on about \$480,000 in remaining questioned costs pending further consultation with the Bureau of Educational and Cultural Affairs and awaiting additional information from the bureau.

To be resolved by: December 1999

Delphi International Group (ALR-94-03), March 1994

Summary: OIG questioned grant costs totaling \$202,188, which included costs associated with an OIG investigation. In September 1997, the Department of Justice reached a settlement with Delphi on the investigation, but \$110,147 in audit costs remain unresolved.

Reason Unresolved: USIA's Office of Contracts is seeking clarification and documentation from the grantee.

To be resolved by: December 1999

International Institute of Wisconsin (CG-96-01), September 1996

Summary: OIG questioned \$46,626 as unallowable or unsupported by the Institute. These costs included airfares for individuals who did not participate in the program, excess working meals, and an unreasonable amount of tickets for sporting events. Also questioned were salary and benefits that were based on budget percentages instead of actual hours worked.

Reason Unresolved: USIA's Office of Contracts is seeking clarification and documentation from the grantee.

To be resolved by: December 1999

International Broadcasting

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have concentrated on critiques of program content rather than internal controls to ensure adherence to VOA standards. In the past, Radio Marti often has not responded to recommendations resulting from various oversight efforts. Also, the absence of an efficient program logging system has been a major obstacle to effective oversight. Both the IBB and BBG have recently taken aggressive steps to improve external oversight as well as Radio Marti operating procedures.

Report findings provided the basis for six recommendations designed to correct internal deficiencies, facilitate future evaluations, and improve external oversight. In particular, one of the recommendations called on the BBG to establish policies and procedures so that future evaluation panels can determine whether broadcasts are meeting the foreign policy requirements of the VOA Charter and the International Broadcasting Act of 1994.

Office of Cuba Broadcasting's Administrative Practices (99-IB-023)

The OCB Director requested that OIG evaluate OCB administrative practices to assist the new management team in identifying problems and, as appropriate, recommend improvements in operations. The Director also requested that OIG evaluate several issues related to OCB's relocation to its new head-

quarters in Miami, Florida.

OIG found that OCB was lax in following established procurement and contracting procedures. Such deficiencies included limited competition for blanket purchase agreements, unauthorized contracts with relatives of OCB employees, unauthorized commitments, inadequate documentation of procurement and contract files, and questionable funding of a research contract. Prior to completion of the review, OCB informed OIG that it already had taken action to address some of the deficiencies.

OCB management was not complying with established personnel policies and procedures. In reorganizing the office, OCB management assigned or detailed some employees to new positions without informing them in a timely manner, consulting with IBB's Office of Personnel, and preparing the appropriate paperwork. Many employees were also working without position descriptions or position descriptions with outdated certifications. In addition, many OCB employees did not receive their annual performance evaluations for the 1996-97 rating period. With the addition of a full-time personnel specialist in Miami, IBB Personnel was taking a more active role in helping OCB improve its personnel practices. IBB Personnel officials indicated that all OCB employees now have position descriptions. However, some performance appraisals were still overdue.

OCB was not following sound internal controls concerning its personal property inventory, which had an estimated value of more

than \$8 million. No single individual in OCB was responsible for ensuring that inventory requirements were carried out, and OCB employees involved in the personal property process were unclear what inventory procedures applied to OCB. In addition, IBB and USIA had no record that OCB completed a personal property inventory for several years prior to the start of our review. Also, IBB needed to improve its oversight of OCB inventory practices. With the completion of its headquarters relocation to Miami, OCB has been more focused on property management issues and was working to complete a full personal property inventory by the end of July 1999.

OIG examined various issues related to the move to the new OCB headquarters in Miami, Florida, including what the OCB Director perceived as excessive project delays, possible overpayments on the lease for the new facility, and overestimated savings. OIG concluded that the original occupancy date was not realistic, and law and funding issues complicated the relocation. According to General Services Administration and OCB officials, decisions about the facility layout plan also were delayed. In addition, OIG found the new lease rate, when adjusted for renovation costs, appeared comparable to what OCB had paid to lease office space in its former building. Also, the annual cost savings from the move may be about 36 percent of the originally estimated \$5.8 million.

OIG made recommendations designed to improve OCB administrative operations in the areas of procurement and contracting, personnel management, and personal property management. IBB generally agreed with the recommendations.

Appendix 1: Investigative Activities

Workload	
Cases pending 3/31/99	0
New cases opened	0
Cases closed	0
Cases pending 9/30/99	0
Total Judicial Actions	0
Sentencing	
Time probation	0
Court-ordered fine	0
Court-ordered restitution	0
Judicial recoveries	0
Total Administrative Actions	0

The statistics and narrative case descriptions of investigative activities appearing in this Semiannual Report to the Congress are the result of reports received from prosecutive and administrative authorities. The final actions may be changed at a later date by individual use of administrative and judicial appeals processes.

Appendix 2: Reports Issued

INTERNATIONAL BROADCASTING

Office of Audits

99-IB-010	Policies and Procedures for Ensuring that Radio Marti Broadcasts Adhere to Applicable Requirements	6/99
99-IB-023	Office of Cuba Broadcasting's Administrative Practices	9/99

List of Abbreviations¹

A/FBO	Office of Foreign Buildings Operations, Bureau of Administration
ACLS	American Council of Learned Societies
AIT	American Institute in Taiwan
BBG	Broadcasting Board of Governors
CA	Bureau of Consular Affairs
CA/FPP	Office of Fraud Prevention Programs, CA
CASP	Cyprus-American Scholarship Program
DCM	Deputy chief of mission
DS	Bureau of Diplomatic Security
EB/CBA	Office of the Coordinator for Business Affairs, Bureau of Economic and Business Affairs
ESOC	Emergency Supplemental Oversight Committee
FSI	Foreign Service Institute
FSN	Foreign Service national
FSRDF	Foreign Service Retirement and Disability Fund
GAO	General Accounting Office
GMRA	Government Management Reform Act
HIID	Harvard Institute for International Development
IBB	International Broadcasting Bureau
ICASS	International Cooperative Administrative Support Services
IIE	Institute of International Education
INS	Immigration and Naturalization Service
MOU	Memorandum of Understanding
MPP	Mission Program Plan
OCB	Office of Cuba Broadcasting
OIG	Office of Inspector General
OMB	Office of Management and Budget
PER	Bureau of Personnel
RFE/RL	Radio Free Europe/Radio Liberty
USAID	U.S. Agency for International Development
USIA	U.S. Information Agency
USIS	U.S. Information Service
VOA	Voice of America
Y2K	Year two thousand

INDEX OF REPORTING REQUIREMENTS

INSPECTOR GENERAL ACT OF 1978, AS AMENDED

REQUIREMENT	SUBJECT	PAGE NUMBER:	
		STATE	USIA
Section 4(a)(2)	Review of legislation and regulations	6-8	6-8
Section 5(a)(1)	Significant problems, abuses, and deficiencies	13-27	45-47, 579-58
Section 5(a)(2)	Significant recommendations for corrective action	13-27	45-47, 579-58
Section 5(a)(3)	Prior significant recommendations unimplemented	39	51
Section 5(a)(4)	Matters referred to prosecutive authorities	28-32	48-49
Section 5(a)(5)	Information or assistance refused	None	None
Section 5(a)(6)	List of reports issued	31-32	49, 59
Section 5(a)(7)	Summaries of significant reports	13-27	45-47, 579-58
Section 5(a)(8)	Audit reports—questioned costs	37	50
Section 5(a)(9)	Audit reports—funds to be put to better use	38	50
Section 5(a)(10)	Prior audit reports unresolved	40-41	52
Section 5(a)(11)	Significant revised management decisions	None	None
Section 5(a)(12)	Significant management decisions with which OIG disagreed	None	None

Summary of OIG Accomplishments

Financial Results:

Questioned costs	
Issued during the reporting period	\$ 7,943,000
Management decision during the reporting period	0
Recommendations for funds to be put to better use	
Issued during the reporting period	\$ 718,000
Management decision during the reporting period	\$ 7,500,000
Investigative recoveries	\$ 681,422

Investigative Results:

Cases opened	42
Cases closed	74
Judicial actions	74
Administrative actions	55
Hotline and complaint activity	176

Reports Issued:

Audits	21
Inspections	15
Security and Intelligence Oversight reviews	22
Contract audits	7

Requests for additional copies of this
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